

Reagan Admits 'I Was Wrong' In Not Heeding 2 Aides on Iran

By Steven V. Roberts
New York Times Service
WASHINGTON — President Ronald Reagan said that he should have listened to two of his cabinet officers when they told him to stop selling arms to Iran.

In his weekly Saturday radio address, Mr. Reagan said that Secretary of State George P. Shultz and Secretary of Defense Caspar W. Weinberger had "advised me strongly not to pursue the initiative." The president said he had weighed their advice and then rejected it, thinking the sale "was worth the risk."

"As we now know, it turned out

they were right and I was wrong," Mr. Reagan said.

His statement Saturday is the latest step in a long and arduous journey by Mr. Reagan, as he has grappled for the past four months to understand the impact, and the implications, of the Iran arms sale and the subsequent diversion of profits to the Nicaraguan rebels.

While Mr. Reagan went further Saturday than he did previously in admitting his own errors, friends and advisers of his say he is following a strategy aimed at controlling the political damage caused by a scandal that was threatening to swamp his presidency.

They say that in private Mr. Reagan remains unrepentant about the arms sale. Some of his friends even believe he would do it again, if he felt there was a chance of gaining the release of American hostages still held in Lebanon.

"I think he privately still holds in his initial conviction — that the policy was well worth it," said former Senator Paul Laxalt of Nevada, one of Mr. Reagan's most trusted advisers.

He and other friends and advisers who discussed the president's state of mind last week provide an unusually frank and detailed glimpse into the emotional life of a president as he faced the gravest crisis of his political career.

What they describe is a despondent and demoralized man, who had conquered the capital for six years, and now saw his political power, and historic legacy, starting to crack and crumble.

As his attempt to revive his presidency reached a climax, Mr. Reagan gave a speech March 4, broadcast on television and radio, in which he accepted the highly critical findings of a special review board that studied the arms sales and the subsequent diversion of funds to the Nicaraguan rebels. But it is becoming increasingly clear that in the address, Mr. Reagan hid some of his true feelings.

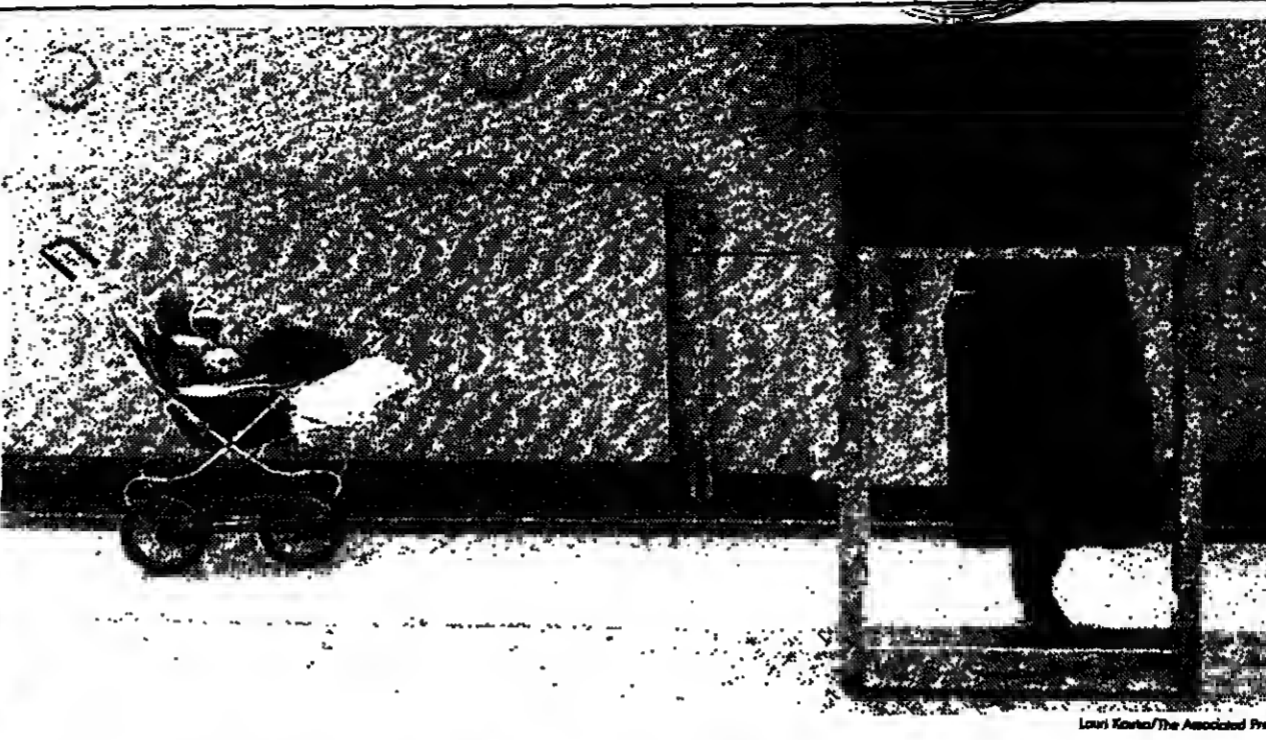
For example, the board criticized Mr. Shultz and Mr. Weinberger as distancing themselves from the Iran affair and not protecting the president from its risks. In his speech Saturday, the president took issue with that conclusion, saying, "They discharged their responsibilities as my advisers and as my subordinates."

The two cabinet officers had asked Mr. Reagan to include a similar passage in the March 4 speech, but he declined on the ground that taking exception to any of the board's findings would dilute the image of conciliation he was trying to convey. On Saturday, both cabinet officers said they welcomed the president's "generous" remarks.

On a more basic issue, Mr. Reagan has said that although his initial purpose in selling arms to Iran was to open relations with that country, the operation "deteriorated" into an arms-for-hostages trade. The special review board disagreed, saying that the affair was a trade for hostages from the outset and that the arms sale should never have been made.

It is this central conclusion that Mr. Reagan still refuses to accept in his own mind, friends and advisers say.

"He doesn't think he made a mistake," said a Republican strategist. See REAGAN, Page 6



Finns Begin Voting in Parliamentary Election

A child waited for its mother at the polling booth in Helsinki on Sunday, the first day of Finland's two-day parliamentary election. The conservative National Coalition Party appeared to be mounting a strong challenge to the Social Democratic

government of Prime Minister Kalevi Sorsa. Surveys showed the conservatives trailing the Social Democrats by less than 1 percentage point. In all, 12 parties are contesting the election. Turnout was reportedly light amid widespread voter indifference.

Baker Acts to Put Focus On Arms Control, Deficit

By Lou Cannon
and David Hoffman
Washington Post Service
WASHINGTON — In two weeks as White House chief of staff, Howard H. Baker Jr. has adopted a conciliatory approach toward the Democratic-controlled Congress and sought to restore arms control and deficit reduction as President Ronald Reagan's principal agenda items during his final two years in office.

"We want to make things work, plain and simple," said an official familiar with Mr. Baker's strategy.

To that end, Mr. Baker has involved Mr. Reagan in meetings with White House officials and Republican leaders that were commonplace in his first term but have been rare since his re-election. On Thursday, for the first time in exactly four months, Mr. Reagan is scheduled to hold a news conference.

Mr. Baker is also immersed in an examination of White House budget strategy to determine whether it is possible to work out an accommodation with Congress and avoid a bruising political battle.

In recent months Mr. Reagan's enunciated goals of deficit reduction and progress toward U.S.-Soviet arms accords have been submerged by the Iran-contra affair and a widely diffused White House agenda that has excited little public or congressional attention.

But officials said the president has become convinced that arms control negotiations with the Soviet Union should be a centerpiece of his final 22 months in office. They said he has decided to give a nationally televised speech early next month on foreign policy, emphasizing U.S.-Soviet relations.



Howard H. Baker Jr.

Mr. Baker, in an interview Friday, said he "inferred" from Mr. Reagan's frequent references to arms control that it was "a deep first item on his agenda."

A Republican strategist said the recent Soviet proposal, offering to negotiate a treaty removing intermediate-range missiles from Europe without linking it to other agreements, "opens some very nice options that weren't there two and a half weeks ago."

White House officials acknowledge that it remains to be seen whether the president can rebound, personally and politically, and take advantage of these and other options.

Despite the efforts of Mr. Baker and the national security adviser, Frank C. Carlucci, to refocus the president's attention on the main items of his second-term agenda, Mr. Reagan at times still seems to see BAKER, Page 6

New Iran Missiles Raise Risk to Gulf Ships

By Bernard E. Trainor
New York Times Service
WASHINGTON — Iran has increased its threat to the flow of oil out of the Gulf by installing large land-based anti-ship missiles near the Strait of Hormuz, according to U.S. intelligence sources.

The missile system, which appears to be of a Chinese design known as HY-2, was spotted by U.S. intelligence within the last month. The HY-2 system is based on a Chinese-built version of the Soviet-designed missile known in the West as SS-N-2, or "Styx."

The missiles are reportedly at

A Tehran Victory on Northern Front

By Patrick E. Tyler
Washington Post Service
GERDMAND HEIGHTS, Iraq — Iranian assault forces have overrun the Iraqi defenders of these frozen peaks in Iraq, giving Iran another military victory on Iraqi soil and potentially threatening Iraq's northern transportation routes and vital oil fields.

While the immediate strategic value of this snow-laden and isolated territory is difficult to gauge, Iranian military officials described the Gerdman promontory as "key terrain" for controlling the Iraqi valley that lies below, as well as the road in Rawanduz, where traffic now passes within clear sight of Iranian artillery spotters.

Since Iraq's largest oil fields and refining facilities are at Kirkuk, only 60 miles south of Rawanduz, the Iranian victory gives it a springboard against Iraq's most precious economic target.

The Iranian victory along the northern front has further strained Iraq's stretched defenses following intense battles in southern Iraq for

Captors Extend Deadline Lebanese Group Renews Threat to Kill Frenchman

BEIRUT — The pro-Iranian terrorist organization that had threatened to execute a French hostage on Saturday said it has begun trying the Frenchman and would "hand down the just sentence to execute him within 48 hours."

The Revolutionary Justice Organization delivered a two-page statement, handwritten in Arabic, to the independent Beirut newspaper *Al-Nahar* on Saturday. It was accompanied by a photograph of the hostage, Jean-Louis Normandin.

His kidnapers, who first threatened Thursday to kill him by Saturday, are demanding that the French government clarify a statement made Tuesday by President François Mitterrand. Mr. Mitterrand rejected a pardon for Anis Naccache, imprisoned for the attempted assassination of a former prime minister of Iran, Shahpur Bakhtiari, in a Paris suburb in 1980. Mr. Mitterrand also said that France would continue to sell arms to Iraq.

Al-Nahar, in its Sunday edition, quoted an unidentified Western diplomat as saying that Mr. Normandin's execution would "signal the beginning of disengagement between Iran and Syria."

Syria, Lebanon's main power broker, is Iran's staunchest Arab ally in its war against Iraq. The alliance has been strained by Iran's support for extremist Shiite Muslim factions in Lebanon, of which the Revolutionary Justice Organization is believed to be one. Syria is trying to balance the Shiite and other militias to regain a semblance of order in Lebanon's civil war.

In a speech on Sunday, Sheikh Mohammed Hussein Fadlallah, reportedly the spiritual guide of the Iranian-backed Shiite militias in Lebanon, appealed to the group to spare Mr. Normandin's life.

"You cannot confront the policy of a president by executing a kidnap," he said. See HOSTAGE, Page 6

Kiosk Freedom March In Budapest

BUDAPEST (Reuters) — More than 2,000 Hungarians marched Sunday in Budapest, applauding speeches calling for freedom, democracy and national independence. It was the first time in more than 30 years that the Communist authorities have tolerated such an open expression of dissent.

The key is "that people were allowed to make speeches," a Western analyst said. A similar march last year was broken up by the police.

Outside U.S. and Europe, AIDS Takes a Rising Toll

By Thomas Netter
International Herald Tribune
GENEVA — In fabled, tourist-visiting for more than a month will soon undergo testing for the AIDS virus. In Japan, foreigners infected with AIDS may be banned from entering the country, and all blood donors may be tested. And in Uganda and Kenya, people visiting medical clinics are being advised to "love carefully."

As the number of cases of AIDS, or acquired immune deficiency syndrome, increases, scores of nations outside the already highly infected areas of North America and Western Europe are beginning to gear up for a battle against what is increasingly being described as a modern-day plague.

Latest figures made available by the World Health Organization in Geneva indicate that as of last week, more than 42,000 cases of AIDS had been diagnosed in 91 countries, in all parts of the world. The vast majority of cases, 31,384, were reported in the United States, with an additional 4,647 in Europe.

But figures from the rest of the world are beginning to catch up as awareness of the epidemic grows and detection programs gain speed.

Brazil has reported the world's third-highest total, with 1,012 cases, while 18 countries in Africa have reported a total of 2,804 cases. Oceania, including Australia and New Zealand, has reported more than 400 cases. And although Asia appears to be the least touched so far, 12 Asian countries have reported a total of 103 cases of AIDS.

"We essentially believe that all countries are involved in some extent in the AIDS pandemic," said Dr. Jonathan Mann, the American physician who heads the World Health Organization's anti-AIDS unit in Geneva. "The really important thing is for people to realize that this is a global problem and that it's a matter of degree, not its presence or absence."

The ways by which the disease is transmitted in North America and Europe are well known — the most common are through homosexual and bisexual contact, sharing of unsterilized needles by intravenous

Peer Pressure Holds Back Black School Achievers

By Marc Fisher
Washington Post Service
WASHINGTON — Katrina, a student at a local high school, works hard to keep her classmates from finding out she has a straight-A average.

She refused to take a test to recruit team members for a scholastic television quiz show until a teacher promised she would not have to join the team even if she received the top score.

Katrina is afraid of being called a "brunnie," the street term for academic achievers. A new study by a professor at the University of the District of Columbia says Katrina's attitude is a major reason why black students lag behind those in other minority groups in academic achievement.

The study by Signithia Fordham, an anthropologist, was conducted at an unidentified high school in a low-income District of Columbia neighborhood that is 99 percent black. It concludes that many black students limit their academic success so their peers will not think they are "acting white."

The district school superintendent, Floretta D. McKenzie, endorsed much of Ms. Fordham's theory.

"As we seek to improve achievement of urban blacks, there's only so much you can do with more teachers and books and so on," she said. "We're going to have to deal with the value structure, with

Students are afraid of being called 'brunnies,' the street term for those who do well academically.

youngsters who don't see the reward for achieving."

She said she had seen too many students who scoffed at studying and believed that "somehow you're foolish if you make that commitment." To counter that attitude, some schools in the district have

increased efforts to boost the image of students who do well in school. At Eastern High School, the principal, Ralph Neal, gives four Student of the Month awards every month. The winners, top students who have been recommended by teachers, get \$15, a certificate, their picture on a plaque in the school lobby, lunch on Capitol Hill with Mr. Neal and a school board member, and breakfast with a Kiwanis club.

Unfortunately, according to the study and to educators, obtaining skills has little appeal for many low-income black students.

Ms. Fordham said that resistance to achievement "arose partly because white Americans traditionally



SPANIARDS PROTEST U.S. TROOPS — Thousands of demonstrators marched Sunday from Madrid to Torrejón de Ardoz to protest the U.S. military presence in Spain and Spain's membership in NATO. The protest coincided with the arrival of Defense Secretary Caspar W. Weinberger in Spain for talks on the U.S. presence.

drug users, and blood transfusions. But the diversity of social, cultural and sexual practices in the rest of the world presents a series of difficult problems to the governments slowly awakening in the problem and seeking ways of dealing with it, as well as to the World Health Organization.

See AIDS, Page 5

against the blanket of snow. Some of the bodies had been dumped off the cliffs to the jedges below.

The new Iranian garrison troops shivered in the freezing weather and burrowed deep into caves dug out of the walls along the trench line that is etched into the rim of the promontory. The caves belonged to the Iraqis who wintered here before their sudden expulsion.

Grimy army blankets served as doors to the caves, and off-duty soldiers foraged for kindling among discarded ammunition boxes.

Along the road where the Iranian troops advanced, Iraqi gunners also had lived in caves out directly into the six-foot snow pack.

When the Iraqis attacked, according to an Iraqi prisoner, a 27-year-old medic, "the Iraqi soldiers ran away." Others stayed in their caves and "the Iraqis came and got them," he said.

Unused Iraqi ammunition belts and hand grenades were scattered throughout the trenches along with discarded helmets, gas masks, rocket canisters and ration tins. The bottoms of the trenches were frozen mud, and walking up their inclines was treacherous. In one stretch, the soldiers and reporters stepped around the body of an Iraqi half-buried and frozen into the floor of the trench.

Iranian officials displayed eight Soviet-made Iraqi tanks, all in good working order, that were abandoned by the fleeing Iraqis.

In all, Iran said it took 280 prisoners during the campaign and claimed to have inflicted 3,000 casualties on Iraqi defenders and

See GULF, Page 6

It took Jean-Paul Belmondo four years to get from films back to the Paris stage — and a welcome usually reserved for rock stars. Page 14.

GENERAL NEWS
■ Experts fear that synthetic fibers used in replace asbestos pose new hazards. Page 3.
SPORTS
■ Boris Becker lost the final match as Spain eliminated West Germany from the Davis Cup tennis tournament. Page 13.
BUSINESS/FINANCE
■ Jacques Delors, the EC leader, urged France to award control of CGCT communications company to Siemens. Page 7.

Amid Public Disillusionment, Mitterrand and Chirac Sputter Along in Cohabitation



The cohabitation arrangement of Prime Minister Jacques Chirac, left, and President François Mitterrand is one year old Monday.

By Julian Nundy
International Herald Tribune

PARIS — One year into cohabitation — the term commonly used to describe power-sharing between François Mitterrand, the Socialist president, and Jacques Chirac, his Gaullist prime minister — French politics, left and right, have lost much of their luster.

Opinion polls suggest a general disillusionment, with no parties and few individual politicians making any significant gain.

A typical poll, published in the weekly magazine *Le Point*, showed that 55 percent of those questioned were dissatisfied with Mr. Chirac's management of affairs. At the same time, 57 percent said they did not regret the passing of the Socialists.

The division of power began with the National Assembly elections of March 16, 1986, when the right was returned to office after five years of Socialist government. It should end in just over a year when Mr. Mitterrand's seven-year term ends and elections will be held for a new president.

Mr. Mitterrand has said that he will not run again, but neither his supporters nor detractors rule out a change of mind.

Paradoxically, Mr. Mitterrand's personal standing has improved since much of the power passed from his hands to Mr. Chirac.

Six months before the elections that brought in Mr. Chirac's conservative coalition, Mr. Mitterrand's showing in the polls, hovering around 30 percent, was the worst of any president since Charles de Gaulle founded the Fifth Republic in 1959.

Another to benefit has been former Prime Minister Raymond Barre, Mr.

Chirac's main rival on the right and an opponent of left-right power-sharing. As prime minister from 1976 to 1981, Mr. Barre also suffered from periods of deep unpopularity.

Now, both Mr. Mitterrand and Mr. Barre regularly top the 50-percent mark in opinion polls.

At the Hôtel Matignon, the prime minister's office, officials attribute the public mood to a natural mid-term disaffection with the government of the day.

At the president's Elysée Palace, officials engage in quiet criticism of Mr. Chirac's government, but welcome Mr. Mitterrand's improved standing in the polls.

"On March 16, he was left with a two of clubs and a three of diamonds," one aide said. "With a hand like that you have to know how to play cards."

Cut off from the mainstream of running the country, Mr. Mitterrand's encouragement of events rather than influences them.

The weekly cabinet meetings at the Elysée have become short, formal sessions where Mr. Mitterrand either approves government action or expresses his reservations. Detailed government work is done at interministerial councils without the president.

Mr. Mitterrand himself, as laid down by the constitution, survives to maintain a leading role in foreign affairs and defense.

In these areas, officials say, there was friction between the Elysée and the government for about the first six months.

"Until the fall, several calls to order were necessary," one source said. Sources said that, in particular, the government conducted negotiations on French hostages held in Lebanon with-

out reference to the Elysée, deeply angering the president.

On Thursday, a new incident threatened to upset the balance.

During a visit to Spain by both Mr. Chirac and Mr. Mitterrand, Mr. Chirac said that improved relations with Madrid were the work of his government. He also criticized the Socialists for their conduct of affairs during Spain's negotiations to enter the European Community.

At a news conference, Mr. Mitterrand said that all members of the French delegation in Spain represented "France and not one or other party or one or other faction."

Elysée sources, meanwhile, said that Mr. Chirac had broken an understanding not to make critical comments on Socialist policies during such joint trips abroad.

Mitterrand aides attribute the tension to the style of Mr. Chirac, who came to power with a reputation for being a tough, efficient manager.

At first, "the prime minister had a very warlike conception of cohabitation," one source said. "He set off with his flag flying high and a flower in his rifle."

Aiming to turn France into a "liberal" society, Mr. Chirac sought to undo much of what the left had done since its election in 1981, particularly by privatizing state-owned companies to release funds and combat unemployment.

At first, the signs were encouraging. Backed by falling oil prices, the economic indicators were favorable. The first two on a list of 65 companies to be sold back to the private sector surpassed all expectations when their shares hit the Paris bourse.

But, at the beginning of this year, the optimism began to fade.

Unemployment figures for December showed a record 2.57 million, or 10.7 percent of the work force, out of work. The figure rose again in January and some analysts predict that it will continue to rise.

In February, the government revised economic projections set in its budget four months earlier. A rise in inflation of 0.9 percent for January alone caused the government to drop earlier predictions of a 2-percent rate for 1987 as a whole.

The downturn came after a tough winter for Mr. Chirac. First, students staged mass protests against proposed education reforms in November and December.

The demonstrations turned to tragedy when one student died after being beaten by riot policemen. The government then withdrew the proposed bill, setting a pattern that tended to belie its tough image.

It quickly postponed debate on a controversial new law that would no longer confer French nationality on all children born in France and on a proposal to allow private enterprise to build and run prisons.

In December, during a railroad engineers' strike, the state-owned rail company also dropped the main part of a new contract that angered its workers: that they should be promoted on merit rather than seniority.

The trend was continued when, in February, the government eased plans to reimburse less of the cost of certain medicines under the state social security system.

Early in Mr. Chirac's term, his relations with the president looked like they

would be the greatest obstacle to effective government.

In July, Mr. Mitterrand served notice that he would not sign a decree on privatization, bringing the first fears of a serious government crisis.

The president had promised to allow the government to rule by decree on the major planks of its election platform and bypass the more cumbersome parliamentary procedures.

In the event, privatization was quickly approved by Parliament and the law was enacted three weeks later.

That and later disagreements had little lasting effect, reflected in less and less media exposure as the months passed.

Culture Minister François Léotard, a leader of the center-right Union for French Democracy, said recently that the declining interest reflected public resignation. Mr. Léotard himself is one of the rare new faces in French politics.

All the other prominent politicians were household names 10 years ago, albeit in different positions, and some analysts attribute French disillusionment with politics to an absence of new personalities and ideas.

At the beginning of Mr. Chirac's current term as prime minister, speculation was rife that his government would be short-lived or that Mr. Mitterrand would step down.

Now, however, the two men appear to be committed to seeing cohabitation through, if only because its failure would reflect badly on them both.

"Through their constant tugging on the ties that bind them," wrote Denis Jeambar, one of *Le Point's* senior editors, "Mitterrand and Chirac, have tightened rather than loosened them. To the point of becoming prisoners."

Soviets to Read of Stalin Terror

Novelist Who Waited 20 Years Calls Printing 'Wonderful'

By Felicity Barringer
New York Times Service

MOSCOW — A novel chronicling Stalin's terror, "Children of the Arbat," has been excerpted in a Soviet weekly magazine 20 years after its author first tried to bring his painful subject to a Soviet audience.

Publication of the novel by Anatoli N. Rybakov, to be serialized in full beginning next month, is the strongest indication that the Soviet government will grant readers access to previously veiled information about Stalin's terror.

"I want my people to know the truth about this time," Mr. Rybakov said Friday in an interview.

He lifted the newly printed issue of the popular weekly, *Ogonyok*, to his face, smelled the fresh ink, then looked at the page and said, firmly, "Very good."

He paused, looked over the pages once more, and added, a little more loudly, "Wonderful."

The appearance of "Children of the Arbat" in the Soviet Union comes 25 years after the publication in the Soviet Union of Alexander I. Solzhenitsyn's novel, "One Day in the Life of Ivan Denisovich." That work described life in a Soviet forced-labor camp during the Stalin era.

Although a vast number of works about Stalin's terror have been published outside the Soviet Union, Soviet literature has since then generally avoided all direct and specific references to the arrests, purges and labor camps of Stalin's rule.

The Rybakov novel, like the Solzhenitsyn work, takes a step no Soviet author has been able to take before.

In Mr. Solzhenitsyn's case, the step was the chilling description of life in Stalin's camps. In Mr. Rybakov's case, the step is a frank account of how people were sent there and by whom.

The novel is, according to Soviet observers, by far the boldest of the previously banned or withheld literary works that have begun appearing since the Soviet leader, Mikhail S. Gorbachev, took power two years ago. He has urged the



Anatoli N. Rybakov

country's writers and historians to be forthright and honest, saying that "there should be no blank pages in Soviet history."

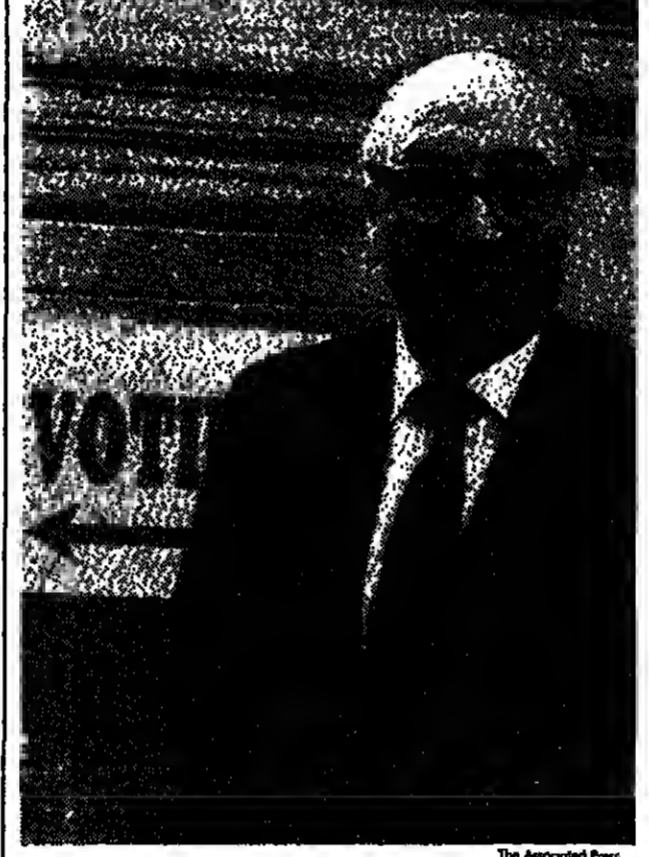
The excerpts describe the fear and uncertainty of those whose relatives have been arrested, the search for someone of influence to intercede on a prisoner's behalf, the lines of people waiting at offices for news of their relatives. All of these scenes are familiar in the West from the works of Nadezhda L. Mandelstam, Vladimir K. Bukovsky and others, but rarely published in the Soviet Union.

The Rybakov excerpts, totaling about 3,500 words and woven together from parts of the novel's first section, appear in the March 11 issue of *Ogonyok*, which went on sale at newsstands on Saturday.

The full 800-page novel, which Mr. Rybakov began in the mid-1960s, is scheduled for publication in the literary monthly *Druzhba Narodov* beginning in April.

"This book should have a great impact," said one Westerner who is a longtime Moscow resident, "because it deals with subjects which have always been taboo here — the arrests, the camps, the peculiar horror of the Stalin period."

Mr. Rybakov said: "This is a book that raises the most pointed questions for our whole country. In the 1930s, Stalin built up industry in this country, but he did it by



Oxford Chancellor Is Elected

Roy Jenkins, who was elected chancellor of Oxford University, waiting to vote in the election. Mr. Jenkins, a founder of the Social Democratic Party and a former British home secretary, defeated three other candidates, including Edward Heath, the former Conservative prime minister. More than 8,000 graduates holding master's degrees voted.

Bernhard Grzimek Dies; Zoo and Wildlife Expert

New York Times Service

BONN — Bernhard Grzimek, 77, a West German champion of wildlife who rebuilt Frankfurt's zoo from wartime ruin and won an Academy Award for a documentary about the Serengeti area of East Africa, died Friday of a heart attack while at a circus in Frankfurt.

The zoologist, a familiar figure on West German television who gained international prominence for his dozens of books and films on wildlife, lived in recent years on a farm in Franconia, where he raised Arabian thoroughbreds, and in Tanzania.

His career began after World War II, when he rebuilt the badly damaged Frankfurt zoo, which officials had closed as beyond saving. Only 12 animals had survived and the grounds were a burnt ruin, but Mr. Grzimek was determined in his fund-raising efforts. He sometimes used unusual means, such as organizing sports festivals and parties on the zoo grounds.

Mr. Grzimek created one of the world's leading zoological gardens and a major center for wildlife reproduction. He retired as director in 1974.

In 1969, Chancellor Willy Brandt appointed him a kind of environmental ombudsman, but Mr. Grzimek resigned the post in 1977 to protest what he called insufficient efforts to protect wildlife.

Mr. Grzimek was an honorary keeper of the National Wildlife Park of Tanzania and Uganda. A frequent visitor to the United States, he held awards from the zoological societies of New York, San Diego and Philadelphia, and from the World Wildlife Fund.

Diane Hartman Smith, 51, Ex-Dancer, Archaeologist

ASPEN, Colorado (AP) — Diane Hartman Smith, 51, a former dancer and television actress who later became an archaeologist, has died of cancer.

Miss Smith, who died March 6, organized the Nile Foundation in 1984 with three other women and began an expedition empowered by the Egyptian government to survey and conduct excavations on its 24-acre (10-hectare) site near the Temple of Amen-Ra at Karnak on the Nile River.

At 14, she became one of the youngest dancers with the Rockettes, the dance troupe at Radio City Music Hall in New York. During the 1950s and early 1960s she was a model.

Other deaths:

David Lewis, 83, who produced a string of hit movies in the 1930s and '40s featuring Bette Davis, Greer Garbo and Spencer Tracy, in Los Angeles of pneumonia on Friday.

Francis Kilroy Jr., 62, one of at least two persons to claim responsibility for coining the World War II phrase "Kilroy was here," in Boston on Thursday after a brief illness.

Richard Levinson, 52, one of television's most prolific and respected writers and one of the creators of the "Columbo" series, of a heart attack Thursday in Los Angeles.

Yugoslavia Is Hit by Strike Wave

Reuters

BELGRADE — Yugoslav authorities are encountering the biggest wave of strikes in recent years, and a trade union leader has been quoted as blaming new government policies that restrict wage increases.

The strikes over the past week, throughout Yugoslavia and particularly in Croatia, were apparently unorchestrated.

Western diplomats said Sunday that they were the first open and spontaneous effort by workers to force Prime Minister Branko Mikulic to change policy since he took office in May.

Croatia's trade union leader, Ivo Bilandzija, said at a union meeting on Saturday that present policies were bound to cause unrest. His remarks appeared in the semi-official press on Sunday.

The protests are aimed at an income policy that took effect last month that froze wages at the average level of the last three months of 1986 and linked future wage growth to productivity. The strikes involved thousands of workers in dozens of enterprises.

Mr. Mikulic, who has a reputation for toughness, had seemed unable to pass legislation to curb inflation, which is near 100 percent.

The new law forced enterprises to rescind end-of-year pay increases when they issued February pay, in some cases cutting wages by as much as 50 percent.

The semi-official Belgrade newspaper *Politika* Ekspres said Sunday that despite a flurry of union meetings to restore calm, more strikes were likely after the weekend.

Mr. Bilandzija, president of the Croatian branch of the Confederation of Trade Unions of Yugoslavia, called the new legislation a "midnight law" that had caused bitterness among workers.

"Implementation of the long term program of economic stabilization demands significant turn-arounds and is bound to bring about certain difficulties, and even social and other unrest," he was quoted as saying by the *Tanjug* news agency.

"We should have prepared ourselves for this," he said. "We must admit that we did not take this seriously enough, for which the unions cannot avoid responsibility. But the greater responsibility lies with those who formulated it."

Yugoslav political analysts said his message was: If you are going to pass laws like this, then you can expect strikes.

Meanwhile, Belgrade newspapers printed their first reports of other strikes around the country last week.

In addition to 35 strikes reported in Zagreb and nearby areas, Sunday's papers also carried reports of stoppages in the ports of Rijeka, Split and Pula, as well as 15 strikes in the south Serbian city of Nis.

Mr. Bilandzija also criticized the government for allowing food prices to rise while wages were frozen.

The price of bread was raised Saturday by 25 percent, the latest in a series of food price increases.

WORLD BRIEFS

15,000 Protest Nationality Bill in Paris

PARIS (Reuters) — About 15,000 people marched through Paris on Sunday to demand the withdrawal of a proposed nationality bill. Former ministers from the previous Socialist government, actors and pop singers joined trade unionists, anti-racist groups and young people from all over the country in the peaceful demonstration from the Bastille square to the Paris Opera.

One element of the bill, proposed last year by Justice Minister Alain Chalon, was that children born of foreign parents in France would no longer automatically have French nationality, but would have to request it when they were 16 to 23 years old. Foreigners marrying French citizens also would no longer have an automatic right to become French.

On Thursday, Mr. Chalon said the bill would not be debated in the next parliamentary session, starting on April 2, but would be amended following broad consultations with all those concerned. The government emphasized, however, that the nationality bill was not being scrapped.

Sabotage of Train Kills 22 in India

MADRAS, India (AP) — Saboteurs blew up a railroad bridge Sunday in southern India, derailling an express train and killing at least 22 persons, the police said.

The police reported 150 people injured, according to the United News of India news agency. The incident occurred about 160 miles (260 kilometers) south of Madras.

Investigators said leaflets left at the scene pointed to Tamil extremists as the bombers. The extremists apparently were angry that India was not lending enough support in the fight by Tamil separatists in Sri Lanka for a homeland. The bomb blasted the Rockfort Express locomotive off the track and sent the train's engine and eight cars, most of them carrying passengers, crashing into the dry riverbed below. The police said three coaches were left dangling from the bridge.

Afrikaner Press Executive Resigns

JOHANNESBURG (Reuters) — An executive of a pro-government South African press group has resigned to join independents seeking a faster end to apartheid.

David de Villiers said Saturday that he was resigning as a director of the biggest Afrikaans-language press group, *Nasionale Pers*, to advise Esther Lategan, one of three former National Party members who are running as independents in the May 6 whites-only general election.

Nasionale Pers is staunchly pro-government. It owns Die Burger, which speaks for the National Party in Cape Province, and a number of other publications. Mr. de Villiers is a former managing director of the group and a respected figure in South African journalism.

U.K. Asserts Israel Forged Passports

LONDON (AP) — Britain has accused Israel of forging British passports that a London newspaper on Sunday reported were found in a West German telephone booth and intended for use by undercover agents of Moscow, the Israeli secret service.

The Foreign Office said that it summoned the Israeli ambassador, Yehuda Avner, in October and "protested very strongly about the misuse by the Israeli authorities of forged British passports and sought an assurance it would not happen again."

"We subsequently got an expression of regret from the Israeli authorities and assurances that steps had been taken to prevent it occurring again," a Foreign Office spokesman said. "On the basis of these assurances we regard the matter as closed."

For the Record

Brazilian bank workers voted Saturday to begin a nationwide strike later this month. They are demanding 100-percent pay increases. (Reuters)

President Daniel arap Moi of Kenya arrived in Britain from the United States on Sunday for talks on Monday with Prime Minister Margaret Thatcher. It earlier had been reported that Mr. Moi planned to cut short his U.S. visit to return to Kenya. (UPI)

TRAVEL UPDATE

Tanzania, Uganda, Zambia, Zimbabwe and Botswana have agreed to set up a joint airline to operate on intercontinental routes, the official Tanzania News Agency, Shabana, reported Saturday. (AP)

Railroad workers began a 24-hour strike at Rome's main train station Sunday night to protest disciplinary measures by management against about 20 employees. The cancellation of many trains was announced before the strike began at 9 P.M. (AP)

WORLDWIDE ENTERTAINMENT

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INTERNATIONAL POSITIONS

You will find below a listing of job positions published last Thursday under the rubric *International Positions*.

TITLE	SALARY	EMPLOYER
RESEARCHER TO INVESTIGATE HUMAN RIGHTS VIOLATION	€12,075-14,929	Amnesty International.
PROJECT MANAGER		Gannett FLEMING.
SPARE PARTS MANAGER		
PATENT EXPERTS LICENCE/CONTRACT EXPERTS		Important International Chemical Group (ORGA S).

If you haven't seen last week's *INTERNATIONAL POSITIONS* rubric, please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Naully Cedex, France. Tel: (1) 46.37.93.81. Telex: 613595

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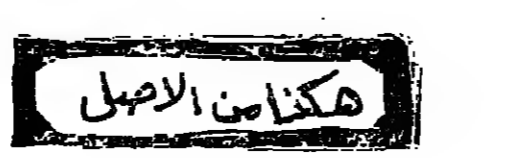
YOU KNOW, B.D., I'VE BEEN THINKING A LOT ABOUT MY PAST LIVES LATELY...

I'VE BEEN SO MANY THINGS—A MIDDLE KINETON MID-WIFE, A BABYLONIAN ASTRONOMER, A HOLY ROMAN EMPRESS, A HOLY IN FIN-DE-SIECLE LINGERIE...

LAST NIGHT, I WAS TRYING TO FIGURE OUT WHAT THEY HAD IN COMMON, WHAT CONNECTED THEM TO THE DIVINE SPARK OF MY NEIGHBOR SELF. SURELY, IT HIT ME...

EACH OF THEM ALWAYS TRIED TO LOOK HER BEST!

THAT'S ONE PLUCKY LUTHER!



هكمان النحل

AMERICAN TOPICS



Six Republican presidential hopefuls sharing a chuckle during a recent appearance at a meeting of the Northeast Republican Leadership Conference in Nashua, New Hampshire.

New Hampshire. From left are Alexander M. Haig Jr., Representative Jack F. Kemp, Pat Robertson, Donald Rumsfeld, Senator Bob Dole and Pierre S. du Pont 4th.

Strategists Winnow the Field Before the Balloting Starts

George Bush and Gary Hart are dead ducks as presidential nominees, according to a consensus of 11 campaign strategists and 11 political reporters who gathered recently at Harvard University's John F. Kennedy School of Government, The Washington Post reports.

The trouble with Vice President Bush, the experts summed up, is "Iran Wimp. Shallow support." David Keene, who worked for Mr. Bush in 1980 and now works for his rival for the Republican nomination, Senator Bob Dole of Kansas, said the Bush campaign "knows itself it has support because it is strong, and forgets that it is only strong because it has support."

Mr. Hart, a former Democratic senator from Colorado, "hasn't tended his politics in Iowa," the first caucus state, "has left a trail of unpaid bills and 'his inflated standing only guarantees the slide will be steep,'" The Post reported.

But then, the experts' consensus is that "everybody else is in sorry shape, too." Anyway, all such predictions will likely be wrong, sooner or later, by some surprise flop, like the Reverend Jesse L. Jackson's calling New York "Hymietown," or flourish, like Ronald Reagan's projecting strength and decisiveness with his remark during a television debate that "I paid for that microphone."

Short Takes

Police demonstrated burglar alarms installed at the Altona, Pennsylvania, home of Brandon Brooks, a television reporter, in a

TV program about anti-burglary devices. A few days later, while Mr. Brooks was at work doing the evening newscast, thieves broke in through a window of his home and stole the television set, videotape recorder and other belongings. The police said the burglars apparently saw the program and took note of the location of the devices described.

Two girls have won the Westinghouse Science Talent Search, the first time that girls have taken the two highest awards in the oldest U.S. competition for teen-age scientists. Louise Chia Chang, 17, of Westmont, Illinois, won first prize and a \$20,000 scholarship for research on genes active in certain cancer cells. Elizabeth Lee Wintner, 16, of New York, won second prize and a \$15,000 scholarship for investigating the properties a map must have so that only three colors are needed to indicate separate regions, with no two adjoining regions having the same color. Westinghouse Electric Corp. started the contest 46 years ago. Past winners have gone on to win five Nobel prizes.

The Princeton University song is being rendered sexily. Nearly 20 years after women students were first admitted, references in the 128-year-old song "Old Nassau" to the alma mater's "sons" and "boys" are being deleted. The same change is expected at Dartmouth, which became coeducational in 1974. Until the song is changed, however, some students are refusing to stand when it is sung.

Shorter Takes: The U.S. Defense Department has ordered a 10 percent to 20 percent increase in cost-of-living allowances for servicemen overseas to help them cope with the declining value of the dollar. This will cost

about \$55 million over the next six months. The Treasury says it minted 9.4 billion pennies, now made of copper-coated zinc, last year. It estimated that 95 billion are now in circulation but that six billion are lost, discarded, altered or otherwise disposed of each year.

Notes About People

Secretary of State George P. Shultz was touring China when the Tower report on the Iran arms affair was issued in Washington. He endeavored to duck inquiries about it from reporters accompanying him, but got a barrage of questions at a news conference in Shanghai. Mr. Shultz said briefly that he disagreed with the panel's assertion that he had kept clear of the affair to protect his reputation. Then, trying to change the subject, he said to the reporters, "In case you hadn't noticed, we are in China."

Senator Warren R. Rudman, Republican of New Hampshire and co-author of the Gramm-Rudman-Hollings budget-balancing law, is telling a joke about a stamp supposedly bearing the likeness of himself and Senators Phil Gramm, Republican of Texas, and Ernest F. Hollings, Democrat of South Carolina. The trouble is, the joke goes, that government workers can't make the stamps stick. A high-priced consultant checks the glue, which is all right. Finally, the reason is discovered. The civil servants "spit on the wrong side."

—ARTHUR HIGBEE

Threat From Asbestos Substitutes Emerges

By Philip Shabecoff
New York Times Service
WASHINGTON — Emerging evidence that fiberglass and other manufactured mineral fibers may cause lung cancer and other diseases is creating a sensitive, potentially far-reaching new public health issue.

The evidence, although far from conclusive, is sending tremors through the fiber industry and federal regulatory agencies. Industry officials, however, insist that the evidence to date shows no health problem.

These synthetic fibers are already in wide use as building materials and insulation, in cars, furniture and packaging and in many other applications in a \$3 billion-a-year industry. They are increasingly being employed as substitutes for asbestos, a known cause of cancer and other serious illness.

Now, recent studies of the health histories of workers who make fiberglass, rock wool and ceramic fibers, as well as a number of tests on laboratory animals, suggest that the substitutes themselves may pose a health threat.

The results of the studies, although inconclusive, have caused a flurry of activity in the industry. Manufacturers of the synthetic fibers have undertaken a series of costly new studies on the health effects of their products and are involved in consultations with federal regulators. The fibers prove to be a serious health threat, it could result in loss of sales, expensive damage claims and extensive measures to reduce exposure among workers, and possibly the general public.

The studies that are generating the most concern about the health effects of synthetic mineral fibers were based on an examination of mortality records of workers in North America and Europe who produced them. Scientists who have reviewed the studies agree that these workers show a higher rate of lung cancer than would normally be expected.

Industry officials insist that the evidence about fiberglass and other synthetic mineral fibers is inconclusive and that it is just as likely that the worker deaths were caused by other factors, such as smoking, exposure to cancer-causing chemicals and family history. They also said that even if the synthetic fibers did cause cancer, the exposure levels were so low that there would be no serious public health threat.

Within the past few months, manufacturers of fiberglass and related products, including Owens-Corning Fiberglas, CertainTeed Corp. and Manville Corp., have revised technical data sheets required by the Occupational Safety and Health law to state that recent epidemiological studies have found that their products might cause lung cancer.

Spoken for by the companies, said the changes were made because of their policy of keeping the public informed and because it was the law. But they also conceded that it was necessary to protect themselves against possible lawsuits.

Most of the more than a dozen scientists, public health officials and federal regulators interviewed said that even if the evidence about fiberglass and most of the other synthetic fibers were different from asbestos in several important ways. For one thing, they are thicker and do not penetrate the lung as deeply. And these fibers tend to be more soluble and tend to dissolve in human tissue before they cause tumors, they said.

In recent years, however, manufacturers of synthetic mineral fibers have been making them thinner to increase their insulating properties. The Labor Department's Occupational Safety and Health Administration now classifies these fibers as "nuisance dust" that is virtually unregulated.

Charles E. Adkins, the administration's director for health standards programs, said the agency had no immediate plans to change its standard because there was not enough evidence to warrant such a change. But other federal public health officials say that if the evidence proves correct, exposure to these fibers would have to be controlled as stringently as exposure to asbestos.

If the fibers prove to be a serious health threat, it could result in loss of sales, expensive damage claims and extensive measures to reduce exposure among workers, and possibly the general public.

QUITO HALTS PAYMENT ON FOREIGN DEBT

By Lydia Chavez
New York Times Service

EL SALVADOR, Ecuador — Ecuador has suspended payments on its \$8.3 billion foreign debt for the rest of the year and possibly longer, "without shame," according to President Lalo Fajardo Cordero.

Oil exports were halted last week after earthquakes that killed hundreds of people and ruptured the country's main oil pipeline. "It was as if someone took the blood from a human being and asked him to live," the president said Friday.

"I first have to reconstruct my country before I start paying debts," he said. The president calculated the total cost of the damage to the countryside and the oil industry at nearly \$1 billion.

Mr. Fajardo spoke during a tour of the northeastern region of Ecuador, which was devastated by the quakes and the flooding that followed.

The suspension of interest payments was widely expected and had limited immediate meaning because Ecuador had suspended most interest payments at the end of January. Its reason then was a drop in the price of oil. The January suspension offered some hope that payments might be resumed in June, but Friday's announcement indicated that the moratorium would be longer.

The effect of the debt suspension on individual banks in New York and elsewhere was expected to be minor, analysts said. Compared with Mexico and Brazil, each of which owes more than \$100 billion to foreigners, Ecuador's foreign debt is small.

The suspension is expected to cost Ecuador's creditor banks about \$500 million this year. In 1986, Ecuador paid about \$996 million to service both principal and interest on its foreign debt.

On Friday night the government announced a series of emergency measures, including a rise in gasoline prices to the equivalent of 60 cents a gallon (3.785 liters) from 33 cents, and a freeze on prices of 17 basic products such as sugar, eggs and potatoes.

"People have not yet comprehended the extent of the crisis," the president said, adding that the damage came in the aftermath of a dramatic drop in world oil prices that had already impaired Ecuador's ability to pay its foreign debt. Oil accounts for half of Ecuador's exports and 10 percent of the gross national product. GNP measures the total value of goods and services produced by a country.

U.S. Teachers Gain Higher Salaries

Experts Say Concern for Education Quality Is Behind Drive

By Dirk Johnson
New York Times Service

NEW YORK — Teachers are winning significant salary increases as local and state governments around the nation move to improve the quality of public education, according to education experts.

They report that this year, for the fifth year in a row, the average raise for the nation's teachers will far exceed inflation and that the trend is likely to continue for several years.

"Everybody is on the handwagon that says there ought to be excellence in education," said Ralph Valjar, executive director of the New York State Public Employment Relations Board, which oversees labor relations between local governments and employees.

The politicians are all trying to outdo each other to give the most to education. As pay and status are increasing,

be said, more young people are considering teaching as a career. Among college freshmen this year, about 9 percent said they were considering entering teaching, a year ago, fewer than 6 percent said so.

While they hail the recent pay increases, teachers' unions contend that gains have merely recaptured ground lost to inflation.

Moreover, the unions argue, the current national average teacher salary of \$25,313 falls far short of salary levels in most professions.

Officials of local school boards expressed concern over a possible taxpayer backlash, especially if the economy suffers a downturn.

Language Dispute Heats Up in Quebec

By Herbert H. Denton
Washington Post Service

MONTREAL — A court decision permitting merchants to post outdoor signs in English as well as French has revived anxieties over language, causing many French Canadians to worry that this city may lose its Gallic flair.

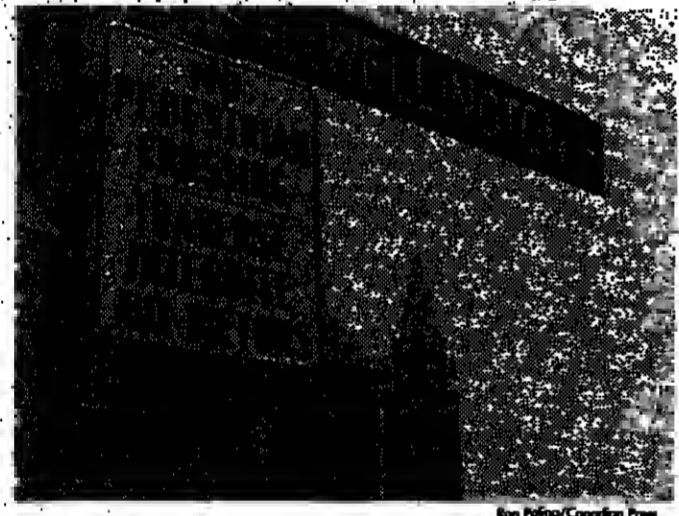
A rash of reprisals — window-smashings, a fire-bombing and bomb threats — has been directed against businesses that have taken advantage of the ruling. Like others, Zellers department store removed the English from its signs after one of its branches was fire-bombed.

Although the police and veteran observers doubt the claim, spray-painted graffiti on building walls and anonymous communications assert that the flare-ups are the work of the Front de Liberation du Quebec, the radical separatist group that waged a campaign of violence here in the 1960s that culminated in the "October crisis" of 1970.

In October 1970, the front kidnapped the British trade commissioner to Montreal, James R. Cross, and the Quebec minister of labor, Pierre Laporte, whom it later killed. The crisis led Pierre Elliott Trudeau, then the prime minister, to impose martial law.

The Quebec front was eventually dismantled, and most Quebecois blame the recent incidents on high-spirited and reckless youths. They contend that the former radicals of the front now lead quiet middle-class lives.

Premier Robert Bourassa of Quebec has decided to appeal the provincial Court of Appeal's ruling in December that the province's language law, requiring that only French be used on public signs, is



Bilingual signs in front of Parliament buildings in Ottawa.

unconstitutional and a violation of the guarantee of freedom of expression in the Quebec Charter of Rights.

Mr. Bourassa, the leader of the moderate Liberal Party, which was elected in December 1985, also has said that he may introduce changes to the controversial language law by next fall to remove "irritants."

The effort to achieve a compromise does not appear to have satisfied either side.

Gilles Rhesaume, leader of the small, hard-line Parti Independantiste, called for a boycott of shops posting bilingual signs, but he added that "a few broken shop windows have been more effective than the actions of all legal pressures over the last months."

Soucy Gagne, president of Soracom, a polling firm monitoring attitudes on language, said that "the

level of linguistic anxiety" has risen considerably, but polls do not show any desire for another round of the tensions of the 1960s and 1970s.

"I have a real sense that your average French and English Quebecer are both saying, 'We don't want this,'" remarked Eric Malloff, a founder of the centrist, English-speaking Alliance Quebec.

The language bill establishing the primacy of the French language in government and the workplace was enacted by the Parti Quebecois government, which was in power from 1976 to 1985. The Parti Quebecois, which advocated at least partial independence from Canada, went to great lengths to "Frenchify" Quebec, where 83 percent of the residents speak French.

As a result, many English-speakers fled the province. The language issue has always

been sensitive in Quebec. As a French-speaking commentator said: "Why is that explosive? Because it's visible. Signs are visible. They are the face of the city."

The Canadian Constitution gives official status to French and English, but many French Canadian intellectuals argue that historically, bilingualism does not work, and that one language ends up dominating.

Even less nationalistic French Canadians often express concern that French will be reduced to a marginal language, not because of the old conflict, with the English-speakers but due to recent demographic changes. The birthrate among French Canadians is plummeting while a new population from Asia, Latin America and the British Caribbean is growing.

The moderates argue that it is necessary to retain the French-only requirement on public signs to give a clear signal to newcomers that Montreal speaks French.

Mr. Malloff of the Alliance Quebec said that he objects to the prohibition on bilingual signs because it conveys to him a feeling that the government is "trying to wipe out the 'English face' in Quebec." He added, "Our language is illegal, prohibited, you will be prosecuted for showing it."

The tensions resulting from the court ruling came as Mr. Bourassa and Jean Doré, the new mayor of Montreal, have begun initiatives to revitalize Montreal as an international finance center.

In an indication of Wall Street's cautious expectation that they were bringing in a more favorable investment, Moody's Investment Service increased the city's mid-dling credit rating a notch.

BLACK: Peers Deride Good Students as 'Acting White'

(Continued from Page 1)

ally refused to acknowledge that black Americans are capable of intellectual achievement and partly because black Americans began to doubt their own intellectual ability, began to define academic success as white people's prerogative, and began to discourage their peers from 'acting white.'"

Ms. McKenzie said that past generations of blacks often found that they could not use their intelligence or skills in the kind of jobs that were open to them.

"That made people feel foolish and frustrated," she said. "Kids learn mostly from each other, and all people — don't want to get hurt, so they try to save themselves the hurt."

"That's why we're putting so much emphasis on putting role models into the schools," she said. "We've got to make it attractive to excel."

She conceded that such efforts must be extensive to have any hope of overriding social pressures on

students to avoid speaking standard English, reading or getting good grades — all behaviors that students in the study considered "acting white."

The study, which was published in Urban Review, an academic journal, consisted of in-depth interviews with 33 students over a one-year period.

Sidney, a student and football player who earned A's and B's earlier in his schooling, had only mediocre scores on standardized tests. He knew he needed top grades to get a good job. But he said fear of being called a "brainiac" had prevented him from putting more effort into his schoolwork.

When Sidney's friends learned he planned to take advanced courses, they started calling him "Mr. Advanced Placement."

Even high-achieving black students have to cope with pressure not to excel, the study says. Ms. Fordham quoted several successful students who feared being called homosexual if they did too well.

She said some A students covered for their success by "hunching" acting like a comedian.

The pressure persists, students said Friday.

"There are a lot of those kids here who say they could work, but they just don't want to," said Sabrina Gee, a 10th-grader at Cardozo High School. "It's because of the crowd they're around."

ZENITH advertisement featuring a watch and contact information for distributors in various cities.

College Credit for Work Experience advertisement for Business & Engineering Education, featuring contact information for Century University.

OPERA perfume advertisement for raoul & curly, featuring a bottle of perfume and promotional text.

King Faisal International Prize advertisement, including details on nomination procedures, prizes, and contact information for the General Secretariat.

INTERNATIONAL Herald Tribune

De-Reinterpretation

Senator Sam Nunn's care in defense analysis and his political deftness have established him as the one American legislator who can single-handedly validate a moderate position.

his key 1985 memorandum, attributing it to "young lawyers" on his staff. It would seem that the administration has lost for good the legal basis on which some officials have argued for more aggressive SDI testing and early deployment.

Instead of the Contras

President Reagan's crusade for the contras has suffered another, perhaps mortal blow. He has to be wondering what policy to pursue if the rebel forces collapse.

public, which worries yet declines to believe that a Red tide is surging toward Texas. Even so, a pragmatic argument has survived: Don't let the contras go down the drain for nothing.

A Task for Kenyans

Kenya is a one-party state but still one of the relatively more open and stable countries in Africa. Why does the government of President Daniel arap Moi persist in certain alarming police practices that undercut everything Kenya supposedly stands for?

the government to investigate the latest charges. President Moi, who invokes emergency legislation at home, said in Washington, "We cherish democracy and the rule of law as enshrined in our constitution."

Other Comment

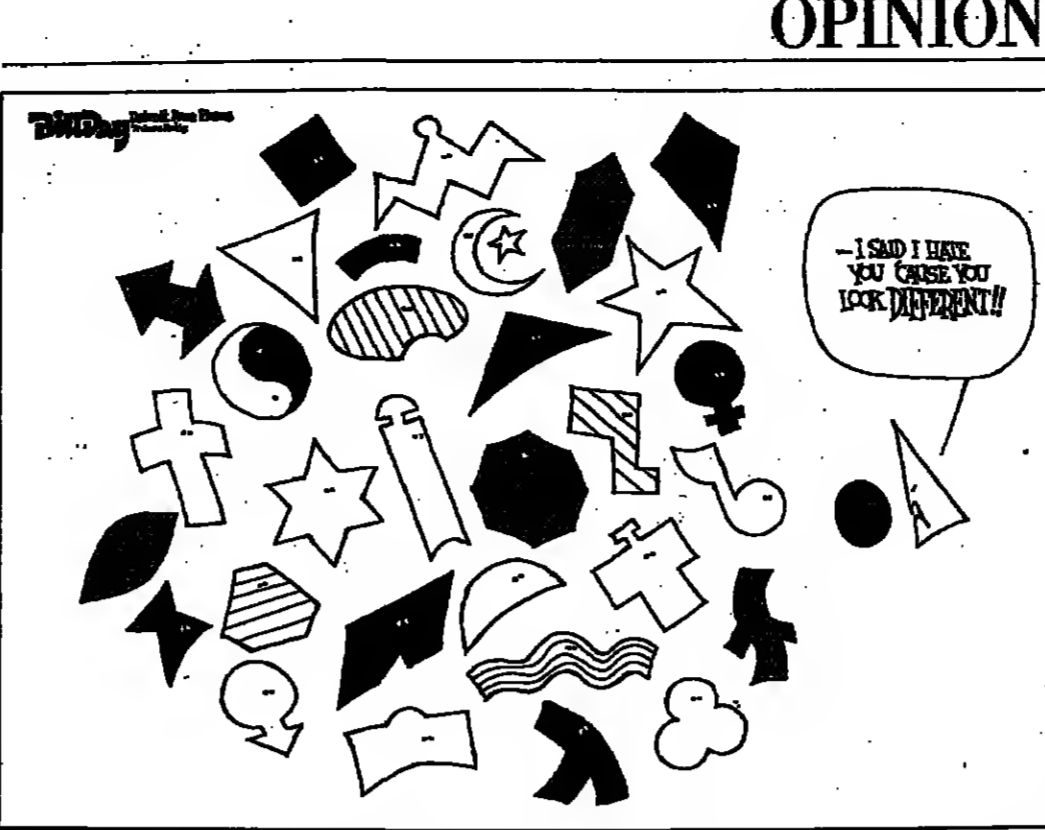
Advantage at the Threshold

The expert view is that, although the Pakistanis may now have all the necessary components for "the bomb," they have probably not yet succeeded in making one. They are taking a chance: they could still find themselves with neither the bomb nor [U.S.] aid.

hope to strengthen its position without facing all the potentially perilous consequences of an overt case-crashing. It has been suggested that, if India and Pakistan now formally claimed nuclear rank, they should be officially welcomed as members of the club.

International Herald Tribune

Editorial Director: Walter N. Thompson. Managing Director: Michael Richardson. Managing Director: U.K. Robin MacKinnon. Managing Director: G. W. Germany. Managing Director: R. C. S. Nanters.



OPINION

The Debt Crisis Isn't Somebody Else's Job

By Jim Hoagland

PARIS — If Citibank finally decides to hire someone to go around and kick Brazil out of its house for failing to pay the mortgage, my friend Richard deserves to get the call.

How Israel May End Up Saving Pakistan's U.S. Aid

By Stephen S. Rosenfeld

WASHINGTON — The recurring nightmare of American foreign policy is to see small states move toward the development of nuclear arms.

These days the United States shrinks from anything too close to a direct confrontation, fearing that such an encounter might push the edgy Pakistanis over the nuclear brink.

clear would put a heavy new loose cant on the international deck, and American law requires cutting off aid to states going nuclear. Except — here is the rub — Israel.

The West Ought to Rethink Its Defense Doctrine

By Harlan Cleveland

MINNEAPOLIS — When Russians and Americans shout at each other, America's European allies urge it to try a tranquilizer called "détente."

4. But can NATO say this out loud, even if it is obvious? The Soviet Union does not know what Washington would do — because Washington does not have a clear idea itself.

The Russians have now said they will play out their hand on intermediate-range missiles without mixing them with "star wars" or France's nuclear plans.

The Next President Should Be Evaluated in Time

By James Reston

WASHINGTON — Recalling the political follies of the past and looking ahead to next year's presidential election, the people who cover the news have a lot to think about.

this vast, disparate, continental country that is not true. It takes months to investigate, check and double-check, write and publish really serious and accurate biographies, and plan and make room between the ads for hour-long television documentaries.

creative body and nominate anybody they choose, regardless of whether he ran in the primaries. They could turn to Howard Baker and beat around the Bush in the Republican convention.

LETTER

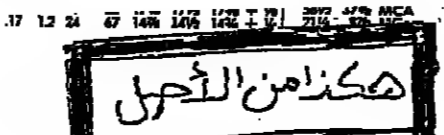
What About Roosevelt?

Your column "In Our Pages, 75 and 50 Years Ago" reported on Feb. 4, for 1912: "The week's political pendulum is swinging strongly toward President W. H. Taft."

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Grant Citizenship NEW YORK — [The New York Tribune says:] In the passage of the citizenship bill by the House of Representatives there is a prospect of the tardy doing of an act of elemental justice.

1937: Monks Win Strike ASSIUT, Egypt — Rebel monks at the Copie Monastery near Assiut emerged victorious from their six-day strike when a decision was reached by the Coptic Council (March 14).



Pentagon Wants New Missile to Be Nuclear

Washington — The Pentagon is seeking congressional permission to install nuclear warheads on a new missile that was originally intended to strengthen conventional forces in Europe.

In testimony last week and in talks with lawmakers and their aides, Pentagon officials contended that time and money could be saved by putting nuclear warheads on the new experimental mobile missile, which has a flight range of less than 200 miles (330 kilometers). If warheads cannot be put on the new missile, the army says it will have to design another missile to replace its aged Lance missiles in Europe.

The new missile is known as the

Army Tactical Missile System. The design and purchase of 1,000 of the weapons is expected to cost \$1.5 billion.

Congressional staff members who have studied the issue closely said Congress was unlikely to lift a legal provision that for four years has blocked design of a nuclear warhead for the new missile. Pentagon officials say the law blocks them from even examining the possibility of making the missile capable of carrying a nuclear warhead.

Military experts say the army's proposal, which has been put forth tentatively before, is especially interesting now in light of prospects for a new treaty that might limit intermediate-range arms in Europe. What to do about shorter-range missiles is one question that

must be resolved before such a treaty is signed, according to American negotiators.

None of the negotiators expects missiles with ranges as short as that of the new missile to be governed by any treaty on medium-range missiles. Some missiles with ranges on the order of 600 miles could be affected.

American negotiators have said that missiles with ranges as short as 200 miles, known as battlefield or tactical nuclear missiles, should be discussed in subsequent talks that would include conventional weapons.

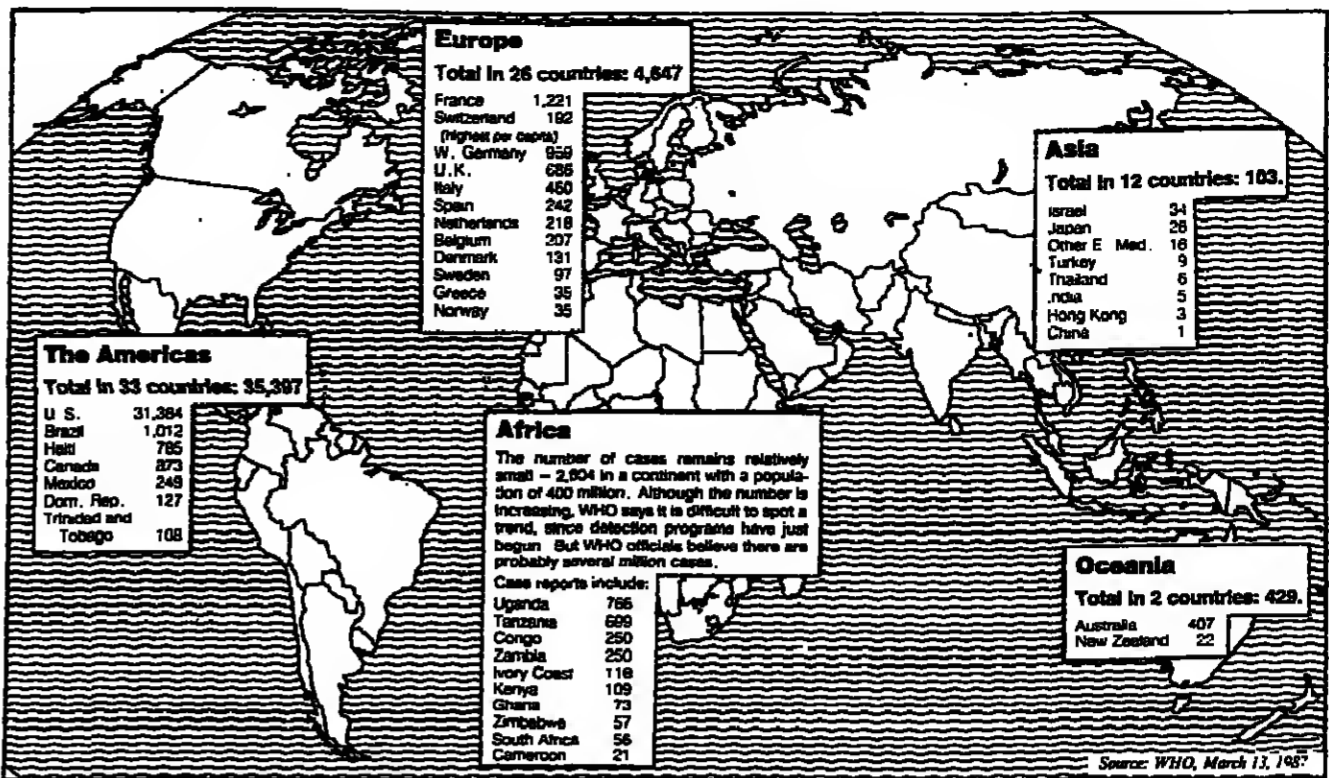
European military officials are especially concerned about accepting an agreement on intermediate-range nuclear forces in the absence of any understanding about how to

control the balance of conventional and tactical nuclear forces, which would take on new military significance without the more potent nuclear forces in place.

The Army Tactical Missile System is considered to be the kind of new weapon that will strongly affect the military balance in Europe because of its range, mobility and accuracy.

Meanwhile, a senior Pentagon official said Saturday that prospects had dimmed for a compromise between the administration and the Congress on the interpretation of the anti-ballistic missile treaty of 1972.

"I think the prospects for a compromise have been significantly, perhaps irreparably, damaged by the position taken by leaders in the Senate," said the official, Richard N. Perle, the assistant defense secretary for international security policy.



Dutch Missile Foes Look to Geneva

They Hope a Treaty Will Preclude Deployment of Cruises

Amsterdam — The new effort to eliminate intermediate-range missiles from Europe has revived hopes in the Netherlands that U.S. cruise missiles may not have to be deployed on Dutch soil.

For Prime Minister Ruud Lubbers, the U.S.-Soviet talks on medium-range weapons in Geneva have been interpreted as a kind of vindication. The government had insisted in a heated political struggle that a major reason for the Netherlands to join NATO's medium-range missile deployment was to nudge the Soviet Union toward more conciliatory arms control policies.

Despite widespread reluctance by the Dutch public and political opposition, Mr. Lubbers' government decided in November 1985 to accept U.S. cruise missiles as part of the deployment decided upon in 1979 by the North Atlantic Treaty Organization.

His Christian Democrat-led coalition pushed the issue through the legislature last spring and has begun construction on a missile base at Woensdrecht, planning to have the 48 cruise missiles assigned to the Netherlands' operations there by the end of 1988.

Less than half of the ground-launched 464 cruise missiles scheduled for deployment by 1988 are in place, with a total of 208 in Belgium, Britain, Italy and West Germany. West Germany has already deployed its full NATO complement of 108 Pershing-2 missiles.

Since the Soviet leader, Mikhail S. Gorbachev, opened the way for the new negotiations last month, however, hopes have risen in the Netherlands that an agreement to eliminate the missiles might be reached before the 1988 deployment pledge has to be carried out.

"Chances that the 48 missiles will be deployed have diminished," Defense Minister Willem van Eekelen said recently. "On the other hand, I believe we should go on with the preparations. That is a sign to the Russians that we are serious and earnest should the discussions fail."

"The chances are real that there will be no deployment," he added. "This has always been our hope, but only in exchange for a bargain with the Russian side."

In the meantime, the Dutch peace movement and some opposition political figures have demanded that the government halt work on the Woensdrecht missile base because of the talks in Geneva.

For some in the peace movement, the demand reflects a conviction that the Netherlands should never have agreed to deploy in the first place.

Most of the political opposition, however, depicted the call as a possible gesture designed to foster success in the U.S.-Soviet talks, to be decided according to the pace of progress in Geneva.

This would be similar to the stand of Belgium, where resistance to deployment also was strong. The Belgian government recently reiterated that the status of arms control talks, now specif-

ically the Geneva negotiations on intermediate-range missiles, will be taken into account in deciding the timing of Belgium's next deployment phase.

Sixteen ground-launched cruise missiles have been deployed in Belgium. Like the Netherlands, Belgium is to have a total of 48 by the end of 1988.

Peter van Vliet, the Dutch Foreign Ministry spokesman, said the government had ordered work to go forward at Woensdrecht. The demands for a halt so far have not become a major issue in the Dutch political arena, although the deployment question remains sensitive and controversial, diplomatic observers said.

Part of the reason for relative quiescence is that Mr. Lubbers' coalition emerged from elections with a reinforced majority last May, soon after deciding for deployment and gaining approval in the legislature.

"It is not a hot issue yet, but it is a simmering one," said Maarten van Traa, an opposition Labor Party member who helped lead the political fight against deployment.

Mr. van Traa said opposition could revive strongly if the talks on medium range missiles collapse.

Unlike Belgium, the Netherlands has not accepted a phased deployment. As a result, officials here said, no fraction of the 48 missiles is scheduled to be deployed as a first step. The course of U.S.-Soviet talks on medium-range missiles therefore is likely to become clear before the missiles are installed.

Mr. Perle made these remarks in an appearance during a television interview program that was to be broadcast by Cable News Network on Sunday.

Mr. Perle, who has announced his intention to leave the Pentagon this spring, was referring to the stand on interpretation of the treaty taken by Senator Sam Nunn, a Georgia Democrat.

Mr. Nunn has argued for the validity of the traditional, strict interpretation of the treaty and sharply disputed the Reagan administration claim that the treaty can be broadly interpreted to allow extensive testing and development of some new types of defensive systems. But Mr. Perle said he agreed with Mr. Nunn's proposal that the classified negotiating record of the treaty be made public.

The compromise has a number of important elements. Among them, it would require Congress to defer legislation endorsing the traditional view of the treaty and to provide a "respectable" level of funding for the Strategic Defense Initiative, the administration's proposal for space-based missile defenses. In return, the administration would have to promise not to violate the traditional interpretation for a limited period of time.

In a related development, officials said Saturday that current plans called for Secretary of State George P. Shultz to be accompanied by a large team of senior officials at Moscow in mid-April.

The senior officials who are scheduled to go on the trip include Paul H. Nitze, the senior adviser to Mr. Shultz; Mr. Perle of the Pentagon; Max M. Kampelman, the chief American arms negotiator; and two other senior American negotiators, Kenneth L. Adelman, the director of the Arms Control and Disarmament Agency, and Edward L. Rovny, an adviser to President Ronald Reagan.

AIDS: Outside the U.S. and Europe, the Deadly Virus Takes a Rising Toll

(Continued from Page 1)

Health Organization, which is seeking to guide them.

In Africa, for example, people have been familiar for years with a disease that results in the slow wasting away of the body up to the point of death. "Slim," as it is called, has now been identified with AIDS, which kills by dismantling the body's immune system and exposing it to cancers and other infections.

In Japan, the death of a prostitute infected with AIDS has raised alarm in a society where philandering husbands are tolerated, and could spread the disease into the general population. In countries where bisexuality is more tolerated than in the developed nations, there has been a marked increase in the number of heterosexuals infected with the virus.

Some nations have already announced plans to take action. In Japan, for example, government officials have proposed requirements that physicians report all AIDS cases, and that all blood donors, homosexuals and drug users be tested or examined for the virus. The Soviet Union has reportedly developed a test to detect the disease, after discovering 13 AIDS carriers — all but one reportedly being foreigners.

India announced last week that it would test arriving foreigners for AIDS and require foreign students entering universities to prove they are free of the disease. India has so far reported five AIDS victims, all of which died. Most victims die within five years of contracting the disease.

"Up until this report from India, we were not aware of anyone actually taking measures against the short-term traveler," said Dr. Mann, although he acknowledged that a number of countries have said they are considering such a move, or even more widespread blood testing, for example, prior to granting marriage licenses.

A group of experts meeting at the World Health Organization concluded that such mandatory blood screening of arriving foreigners would be costly and inconclusive and would divert attention away from more effective means of combating AIDS, such as educational programs.

The health organization supports testing of blood kept in blood banks and has already begun helping African and Latin American countries set up such programs.

Uganda's "Love Carefully" campaign is an example of how some nations are using advice on avoid-

ing the disease to try to check its spread. With 766 cases, Uganda, with a population of about 15 million, has a higher case rate than any nation in Western Europe, where lower rates have sometimes inspired a sense of grim concern, and in some cases, even panicky proposals for sequestering AIDS victims from the general populace.

The Ugandan authorities have been distributing the "Love Carefully" brochure through public health clinics and the news media. World Health Organization officials say. Similar programs, using catchy slogans or direct warnings to promote educational materials are under consideration or already in place in Tanzania, Kenya, Brazil, Australia and Japan, among other nations.

"We cannot wait for a vaccine," said Manuel Carballo, a scientist with the health organization's anti-AIDS program. "Prevention has to be emphasized."

Nevertheless, acceptance of the need to tackle the AIDS problem with educational materials, plans for monitoring blood banks and other means have been slow to emerge, either due to a sense of complacency because of the relatively small numbers of known cases in some countries in Asia, Africa and Latin America, or because of the difficulties encountered due to sensitivity over the sexual nature of the AIDS problem, health officials say.

"There really is no part of the world, looking in terms of regions, that are untouched," said Dr. Mann. "And the more studies done, the harder people look for evidence, the more one finds."

"But countries vary in their interest and concern about AIDS," he added. "Some take the position that since the number of cases is quite small, the problem is small."

Such highly publicized programs as the distribution of condoms in Switzerland, the Netherlands and other parts of Europe with accompanying, often graphic, advertisements and warnings may be unsuitable for some nations, particularly in the Third World.

"The very explicit information we've seen in Britain and other parts of Europe are not as acceptable, especially in Africa where people are more sensitive," Mr. Carballo said.

Dr. Mano and other World Health Organization officials said the Geneva-based organization is expanding its advisory education programs with an initial budget of \$8 million, which they are seeking to expand to \$37 million through appeals to donor nations this year.

U.S. Saves 37 Russians at Sea

New York Times Service

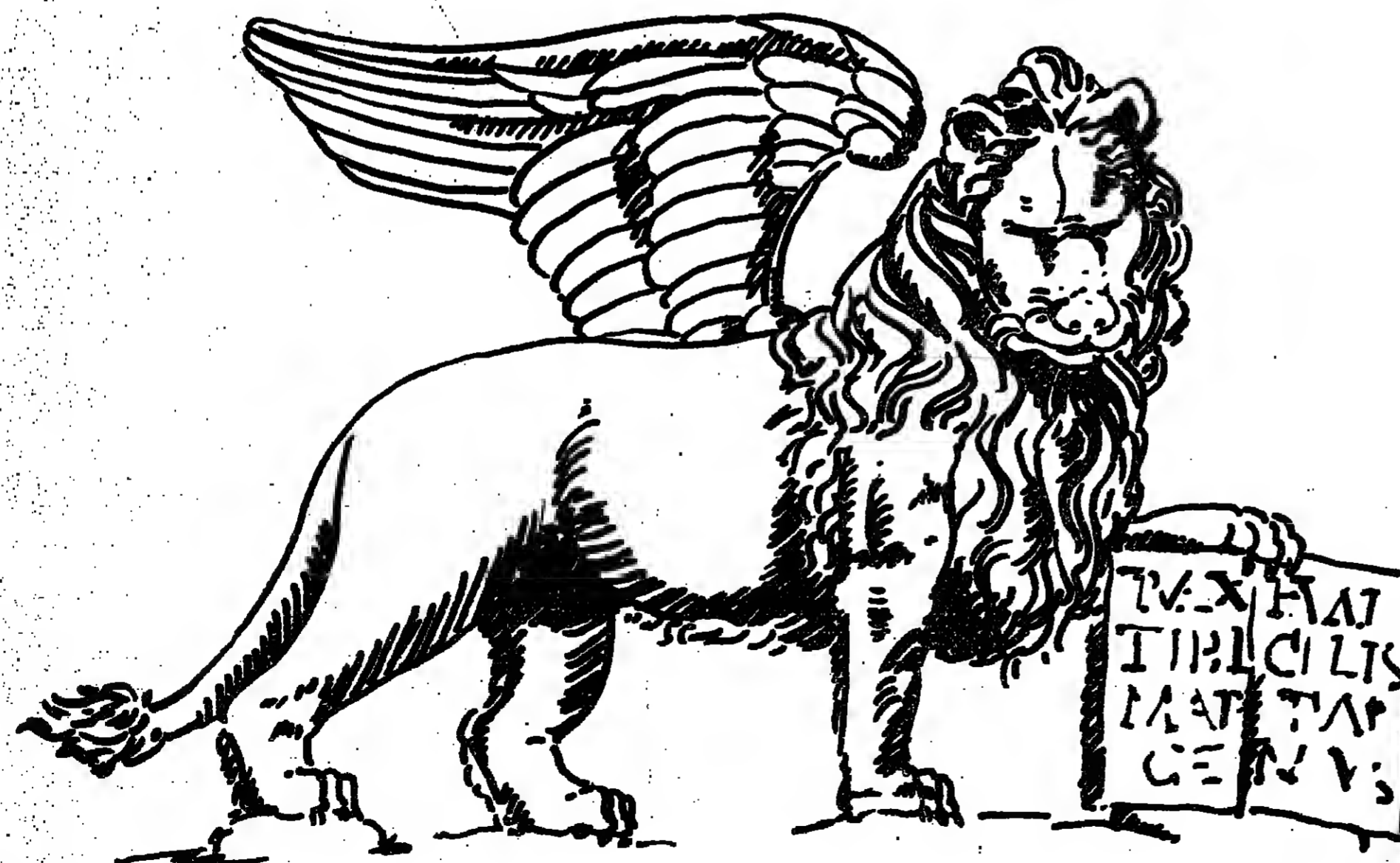
NEW YORK — U.S. Coast Guard helicopters fighting an Atlantic gale plucked 37 Russians, including three women and an infant, from the heaving deck of a stricken Soviet freighter off the coast of New Jersey and flew them to Atlantic City.

With the ship listing 40 degrees to port, rising and plunging in seas that broke over the pilot house, the Russians were lifted Saturday from

the deck, one by one, in baskets to three helicopters that struggled against 50 mph (80 kph) winds to hold their positions.

Coast Guard officials praised the skill and daring of the helicopter crews in the rescue 210 miles (340 kilometers) off the coast. Two minor injuries were reported among the Russians. The ship, the 482-foot (146-meter) Komsomolets Kirgizi, had been bound for Cuba with a cargo of flour. Its fate was not immediately known.

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For Gandhi Government, Another Political Crisis

Rift Between Top Leaders Threatens To Deepen Divisions in Ruling Party

By Steven R. Weisman
New York Times Service

NEW DELHI — A long-simmering dispute between Prime Minister Rajiv Gandhi and President Zail Singh of India erupted in public last week, creating an embarrassing political crisis for Mr. Gandhi's government.

The unusual rift between two former allies threatened to undercut the prime minister's authority and deepen divisions within the ruling Congress (I) Party at a time when Mr. Gandhi's political difficulties were already on the rise.

On the surface, no major issues were at stake. But the controversy was said to have derived partly from strains between the two leaders over the handling of Sikh demands in the northern state of Punjab. Mr. Singh is a Sikh.

Politicians now speculate that Mr. Singh may run for re-election as president this July without Mr. Gandhi's support, seeking votes from Congress (I) Party dissidents and opposition politicians. This could pose a serious challenge to Mr. Gandhi's political strength.

The president is elected by a vote of Parliament and India's 24 state legislatures. Normally, he is little more than a figurehead who attends ceremonial functions at

home and abroad. But as chief of state, he can wield influence at decisive moments.

For example, it was Mr. Singh who decided in 1984 to swear in Mr. Gandhi as prime minister after the assassination of his mother, Prime Minister Indira Gandhi, instead of waiting for Parliament to make the choice.

At the time, it was said that Mr. Singh was acting out of political loyalty to Mrs. Gandhi, who had backed him for the office of president in 1982 in an attempt to heal the disaffection among Sikhs.

The president's devotion to the Gandhi family has given an ironic edge to reports in the last year that Mr. Gandhi had snubbed him.

It was widely reported, for example, that Mr. Gandhi had stopped briefing and consulting the president, had barred him from foreign trips, and had permitted his allies to criticize him in Parliament.

The strains began to come into the open this winter when Mr. Singh refused to sign a bill approved by Parliament to give the government sweeping powers to intercept mail.

Then, last week, the president wrote a letter to Mr. Gandhi, charging that the prime minister had refused to keep him abreast of the issue, as required by the Constitution.

The letter was prompted by Mr. Gandhi's earlier assertion that he had treated Mr. Singh appropriately. "There is no question of keeping the president outside," Mr. Gandhi had told Parliament. "We keep him fully informed on all major national issues."

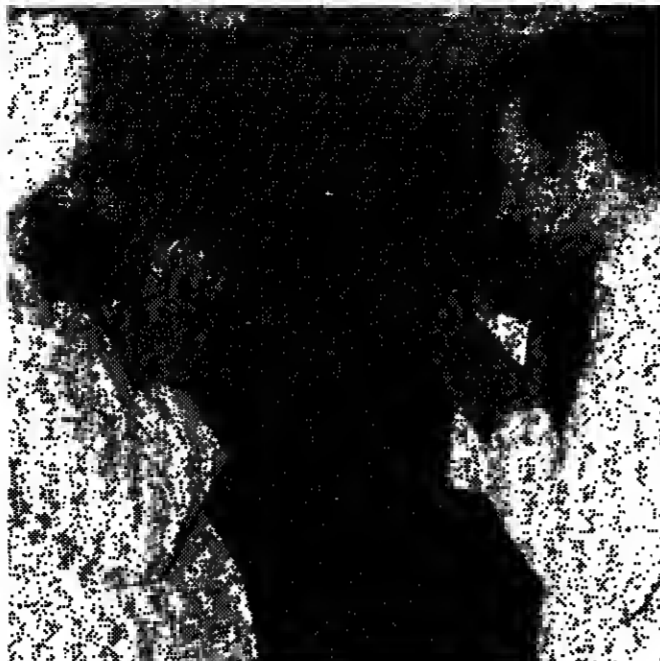
The letter, which was published in the newspaper Indian Express on Friday, created a furor in Parliament.

Addressing the prime minister as "My Dear Rajiv," the president said he appreciated Mr. Gandhi's desire to avoid an ugly controversy but added, "As you are aware, the factual position is somewhat at variance with what has been stated by you."

"Even on certain important domestic issues, I have not been kept informed," the president wrote.

Mr. Gandhi has never made public his complaints about the president, but senior aides have let it be known that it derives partly from the issue of Sikhs in the Punjab.

Mr. Singh was a former chief minister of the state of Punjab and later home minister under Mrs. Gandhi, and Mr. Gandhi is said to have blamed him for letting the



President Zail Singh, left, and Prime Minister Rajiv Gandhi. A dispute between the two has erupted in public.

situation deteriorate into one that cost his mother's life. Mrs. Gandhi was assassinated by two Sikh security guards.

Mr. Gandhi's supporters also cite reports that Mr. Singh had once been friendly with Sikh extremists to undermine rival Sikh politicians in the Punjab, and that he still has links with some extremists.

In still another twist to the controversy, federal policemen on Friday raided the residence of Ram Nath Goenka, one of India's leading industrialists, who is a longtime foe of the Gandhi family and owner of the Indian Express.

The raid appeared to be a part of the government's crackdown on tax evaders, but Mr. Goenka's associates said it could have been a retaliation for the publication in The Express of Mr. Singh's letter.

BAKER: Refocusing on Priorities

(Continued from Page 1)

preoccupied with the Iran initiative and its consequences, according to informed sources.

One example of this occurred Feb. 9 during a luncheon with Republican state chairmen at the White House. Each chairman reported briefly on the political situation in his region. They expected Mr. Reagan to respond with what one official called "forward-looking remarks," emphasizing his agenda. Instead, he gave an extended defense of his motives in the Iran arms deal.

Mr. Baker became chief of staff on Feb. 27, the day that his predecessor, Donald T. Regan, left the White House after submitting a one-sentence letter of resignation.

Last week Mr. Baker recruited the former White House legislative liaison aide, Kenneth M. Duberstein, to be his chief deputy. White House officials said Mr. Duberstein would be deeply involved in day-to-day management, leaving Mr. Baker free to concentrate on advising the president and working with Congress.

Mr. Baker is to accompany Mr. Reagan to Congress on Tuesday for a bipartisan St. Patrick's Day lunch. The president and his chief of staff are to hold other meetings this month with congressional groups, according to White House officials.

"Right now the agenda has to be to get us off and running," Mr. Donatelli said. "For the time being, establishing a good working relationship with Congress 'is the most important thing we can do.'"

VW: Doubts on Sell-Off

(Continued from Page 1)

valued at 1.58 billion DM, based on the current share price.

The sell-off is part of a government program to sell holdings in several companies to the private sector. Bonn has already sold 40 percent of the energy group VAG, and plans to sell a 25.6 percent holding in the Veba AG industrial group this month.

In his remarks, Mr. Stoltenberg said, "I do not want to prejudge the results, but the immediate and serious question is whether certain management board members have kept their areas of business under appropriate control."

The scandal broke Tuesday, when Volkswagen said it discovered the alleged fraud when a series of foreign currency contracts, intended to safeguard earnings from exchange-rate fluctuations, fell due.

The company contends the contracts were forgeries.

The automaker filed charges with the Brunswick prosecutor's office, contending fraud, breach of trust and forgery by unspecified persons. The charges are believed to be against persons inside and outside the company.

Well-known Sonntag newspaper said Sunday that prosecutors are concentrating their inquiries on possible accomplices employed by banks. It gave no sources and did not say what banks may be involved.

Banking sources in Frankfurt, however, said the alleged fraud would be inconceivable without help from within the company.

Mr. Junger, speaking publicly for the first time in an article in Sunday's edition of Der Spiegel magazine, also pointed to parties outside the company, suggesting the fraud could involve the Frankfurt currency broker who had disappeared.

Mr. Junger said he felt "completely innocent" and had been treated unjustly.

Der Spiegel also said that Volkswagen's suspicions reached a new stage when a forwarder's account with the Hungarian National Bank fell due. The automaker contacted the bank seeking payment. The bank, however, said it had no record of the contract.

IRAN: New Missile Raises Risks to Gulf Oil Shipments

(Continued from Page 1)

and cause fires, they normally cannot sink a huge supertanker, short of a lucky hit. The Sea Killer carries 154 pounds of high explosive, only about 15 percent of the amount the Styx carries.

The HY-2 missile system is a Chinese coastal defense version of a Soviet ship-borne system that fires the Styx. The Russians have exported the Styx to their allies and Third World nations. According to the Jane's Weapon Systems yearbook, the version manufactured by the Chinese was also made available for export in 1984.

It is not known how whether the weapons system was provided to Iran by Beijing directly, or through a third party.

The issue of Chinese arms sales to Iran came up earlier this month during the visit of the U.S. secretary of state, George P. Shultz, to China. Intelligence officials have cited China as a major weapons

supplier to Tehran. Mr. Shultz said that when he urged the Chinese leaders not to sell arms to Iran, they "restated their position — they have said that they don't sell arms to Iran."

The HY-2 system consists of a radar direction system and launchers that carry the Styx missiles, which are more than 20 feet long and fly just above the surface of the water at subsonic speeds.

According to intelligence sources, there are about a half dozen missiles at two separate locations near the mouth of the Gulf. One is on the Iranian coastline near the town of Khabestak, the other on the island of Qeshm near Bandar Abbas, a major port.

While intelligence officials acknowledge that the missiles may have been installed by the Iranians to protect Bandar Abbas from attack, they say it is more likely that they are intended to show Tehran's ability to interrupt Gulf shipping.

Mr. Polmar said that the missiles pose little threat to U.S. warships and those of other navies that operate in and around the entrance to the Gulf.

"Modern warships have electronics and weapons to deal with Styx-type weapons," Mr. Polmar said. "It is commercial shipping that is in danger, unless a friendly warship is on duty round the clock to protect ships from any missiles fired."

The U.S. administration has said that it would not tolerate interference with free transit of the strait. The United States maintains a small flotilla of about six frigates and destroyers in the Gulf region at all times.

French, British and Soviet warships sail the Gulf waters on occasion. Oman, on the southern side of the Strait of Hormuz, also has patrol boats in the area. These are said to be capable of countering the Iranian missiles.

Mr. Norman said, "A lightning television channel, was kidnapped March 8, 1986."

The French Foreign Ministry, in a statement Saturday, asked the captors to spare Mr. Normand.

The ministry said that French government policy in the Middle East over the past 11 months had been "aimed at respect for the rights and justice of the people of the states of the region."

France "in particular wants to continue its process of normalization with Iran started 11 months ago," the statement said.

But the kidnappers' statement said that the French authorities were to blame for the "end of the chances of dialogue and peace."

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REAGAN: 'I Was Wrong'

(Continued from Page 1)

gist who is frequently consulted by the White House. "He has been dragged screaming into that position but that if you get him aside, and put a beer into him, he'd say he didn't make a mistake."

Mr. Reagan has always been vulnerable to appeals "when people confront him personally," one confidant explained, but in the White House individuals seldom get through with their story.

The families of the hostages were a stark exception to that rule, and Mr. Reagan was deeply touched by their appeals. "He's a goner when something like that happens," the friend said.

As a result, Mr. Reagan had a deep concern for the hostages' fate, and the effort to win their freedom "was something he truly believed in," the friend said. "I think he thought all the hostages would come out smiling," the friend added. "Don't we all want happy endings?"

Mutual Funds

(Continued from Page 1)

NEW YORK (AP)—The following quotations are for shares as of close of trading Friday, March 13.

Symbol	Price	Symbol	Price
AMF	23.19	AMT	22.24
AMR	23.19	AMT	22.24
AMT	22.24	AMT	22.24
AMT	22.24	AMT	22.24
AMT	22.24	AMT	22.24

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Vertical sidebar on the right edge of the page containing various advertisements and notices, including '3 Britis', 'By Carl Ge...', and other small text.

EUROBONDS

Stakes in Dated-FRN Crisis Higher Than in Perpetuals

By CARL GEWIRTZ International Herald Tribune

PARIS — The crisis of confidence that has paralyzed trading in perpetual floating-rate notes spilled over last week into the much larger market for dated paper. In two hectic days of trading Thursday and Friday prices dropped as much as 1 1/2 percentage points, or five times the normal daily fluctuation.

Dated paper has been issued at terms with insufficient regard for appeal to nonbank investors.

Many of the 50 banks that normally make a market in FRNs temporarily withdrew, and the loss of liquidity was immediately apparent. The size of trading lots was reduced from \$5 million to \$1 million and spreads between bid and asked prices, once a narrow 10 basis points, widened to 100 points, or a full percentage point.

The shiver of fear is best measured by what is at stake: The amount of dated FRNs outstanding totals about \$107 billion, far outdistancing the now untradable \$18 billion of perpetuals, which have no redemption date.

Last week's seizure at first looked like a replay of the collapse of the perpetual market: unusual volatility of prices as dealers began selling paper short, expecting to make profits as prices dropped, and the single track on which prices moved scaring dealers into temporarily withdrawing from the market.

But by the end of the week, with prices stabilizing, it was apparent that the shakeout will be less damaging to investors than the collapse of the perpetual market.

The fundamental malaise in the two sectors is the same: an agonizing reassessment of what the paper has to yield to attract investors. But the similarities end there, because of a fundamental difference between the shakeout in perpetual floaters, which really are preferred stock rather than debt, and the upset in dated floaters, which have a fixed maturity.

The perpetual issues are in limbo because the banking community, the major purchasers of FRNs, belatedly realized that there is no way to value such paper objectively. Prices can fall into an abyss, with analysts never able to claim that the intrinsic value of the paper is greater than what investors are willing to pay for it.

BY CONTRAST, dated FRNs do have an intrinsic value. A hierarchy of money market rates, starting with what banks pay to borrow for overnight funds and rising according to length of time and the credit standing of the borrower, establishes a reference for what a five-, 10- or 15-year borrowing should cost.

What the market's behavior last week clearly showed was that relative values are terribly out of alignment, that dated FRNs had been issued at terms with insufficient regard for maturity, credit standing or appeal to nonbank investors.

Thus, Denmark's \$1 billion floating rate notes due in 1996 and issued last August at 12 1/2 basis points below the London interbank bid rate, or Libid, ended the week trading at 23 basis points over the offered rate, a total shift of 48 basis points, or almost half a percentage point.

The sell-off appears to have moved yields to the opposite extreme, and bargain hunters were reported late Friday to be actively buying paper. It is too soon, however, to tell whether Friday's prices are sustainable or represent good value for end investors.

What is clear is that there is now under way a fundamental reappraisal of how to relate rates in the Euro-commercial paper market with those prevailing in the dated FRN market and those in the syndicated credit market.

Much of the shakeout probably results from the blending of the bank credit market with the capital market. The tremendous liquidity of banks and the paucity of traditional business have driven banks to the capital market. They earn substantial fees by underwriting securities and then gladly hold this paper on their books in lieu of loans, which they are no longer making.

Competition among banks is one reason that led to a collapse in lending charges and rates on FRNs that rendered the paper unattractive to nonbank investors. Another is the expanding swap market, which enables banks to fund themselves at rates significantly below Libid, the traditional measure of their cost of funds.

But what actually happened last week to startle banks into an awareness that dated FRNs no longer gave fair value is unclear. The recurring nightmare is that Japan's Ministry of Finance will follow the Bank of England in restricting the amount of FRNs that banks can hold.

AMC's History: Life in the Slow Lane

By Kyle Crichton New York Times Service

NEW YORK — Today they would be called nerds; back then they were called squares. And, self-styled historians of the social scene say, there was a better-than-average chance that they drove American Motors Corp. cars.

Clearly, Chrysler Corp. which bought Renault of France's 46.1 percent stake in AMC last week and said it would bid for the rest, has not acquired a company famed for its fashion sense. Ever since 1954, when AMC arose from the merged remains of two renowned losers, Nash-Kelvinator and Hudson Motorcar Co., it has struggled with a seemingly unshakable identification with all that is unstylish.

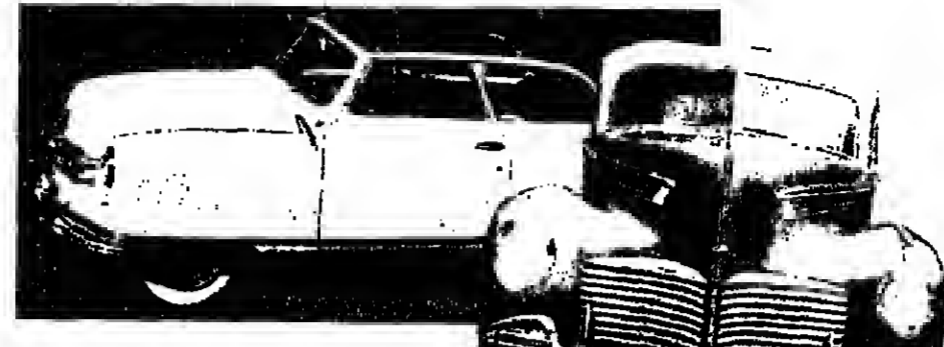
From its tiny Metropolitan, a two-seat oddity that some people swear (incorrectly) was made only in turquoise, to the plodding, anonymous Rambler, to the self-consciously youth-oriented Gremlin, to the squat, frog-shaped Pacer, AMC's cars always seemed to miss the beat, which may help explain why the company has been unable to maintain its independence.

Even the recent Renault Alliance and Encore models, though serviceable, lacked the pizzazz needed to turn the company around. AMC accumulated \$238.6 billion in losses in the first six years of this decade, a figure too large for the French company to handle.

"AMC was always way ahead or way behind," said Darryl Salisbury, president of the American Motors Club in Ypsilanti, Michigan, an association of owners of AMC cars.

Spyridon Carter, co-editor of Gray Magazine, is more critical. "The cars always seemed weird to me," he said. "And they were audaciously obsolete the moment they were introduced."

It is not that AMC has had no success stories. The company scored hits with the 1968 Javelin and the AMX, which competed



The New York Times

Some cars from AMC and its predecessor companies: from top left, the 1950 Nash Rambler convertible, the 1941 Hudson Commodore Eight, the first Renault Alliance and the Jeep Wrangler.



strongly with the Mustang and the "muscle cars," like the Chevrolet Super Sport. And even the oddball Gremlin, introduced on April Fool's Day, 1970, sold more than 650,000 units through the years and became, with the Jeep, one of AMC's few strong sellers of the decade. The company even tried to capitalize on the Gremlin's funny, chopped-off look in its ads (in which a gas station attendant said, "Nice car, but where's the other half?").

Still, AMC is almost never remembered for its hits, and is universally ridiculed for its failures. "The Albanian Revolutionary Front, or ARF, had more bravura than AMC," said the humorist Roy Blount Jr. The question is why? Why was it so hard for AMC to cast off its square image?

To many analysts, the answers, such as they are, revolve around one man, George Romney, president and chairman of AMC from 1954 to 1962. Mr. Romney went on to fame as the governor of Michigan and a presidential candidate who said

he was "brainwashed" by the military on a tour of Southeast Asia. But before that he instituted a line of dull cars that branded the company as terminally boring.

"I always equate AMC and dumb cars with George Romney, the Middle America sort of guy," said James A. Torrey, a Manhattan stockbroker who owns a vintage 1961 Metropolitan. The AMC that Mr. Romney inherited had more than his share

See AMC, Page 11

Delors Presses Award of CGCT To Siemens AG

By Axel Krause International Herald Tribune

PARIS — Jacques Delors, president of the European Community Commission, urged the French government on Sunday to award control of CGCT, France's second-largest communications company and the subject of an international takeover dispute, to Siemens AG of West Germany, to give a push to EC industrial cooperation.

"There is no doubt in my mind that West Germany is increasingly reluctant to press forward in Common Market industrial cooperation," Mr. Delors said in an interview. "But deciding in favor of Siemens would represent one of the most important coups for European industrial cooperation in 1987."

Mr. Delors repeated the statements, which surprised many industrial and diplomatic observers, to a French newspaper and a radio program, urging a "European solution" that "will enable Germany and France to move closer together, which is currently necessary."

Reaction was divided, with French industry sources saying that the Chirac government would brush off Mr. Delors's suggestion. But political and diplomatic observers said his statements would intensify the debate within the French cabinet and probably draw renewed criticism from the U.S. government.

The control of state-owned Compagnie Generale de Constructions Telephoniques, which is being returned to private ownership, has been at the center of a dispute between the Reagan administration and France and West Germany. Washington has warned Paris and Bonn that it would retaliate



Jacques Delors

against their business interests in the United States if control were awarded to Siemens on political, rather than industrial, grounds.

Four other foreign groups, with French partners, are also bidding for control of financially troubled CGCT, which represents 16 percent of the French telephone-switching market.

The groups are: a joint venture of American Telephone & Telegraph Co. of the United States and Philips NV of the Netherlands; L.M. Ericsson of Sweden; Northern Telecom Ltd. of Canada and Italtel SpA of Italy.

The French cabinet has been deeply divided over whether to choose the AT&T-led venture, or what a senior industry ministry official described as "the European solution, meaning Siemens, or possibly Ericsson."

Mr. Delors, a finance minister in See DELORS, Page 9

Brazil, Banks Seem To Harden Positions

Compiled by Our Staff From Dispatches

NEW YORK — Latin American creditor nations and their bank lenders seemed to harden their negotiating positions on debt over the weekend as Brazil's central bank president warned the nation's lenders not to retaliate against it for suspending payments on \$68 billion of its \$109 billion foreign debt.

His statement followed the announcement by Citibank, Brazil's biggest bank lender, that it might designate about \$3.9 billion in loans to the nation as delinquent. Such a move would sharply cut into the earnings of the biggest U.S. bank holding company, and analysts called the statement "pre-negotiating posturing" that indicated Citibank intended to dig in its heels for tough — and lengthy — negotiations.

"If our creditors considered retaliation, Brazil would lose its capacity to export, thus would never be able to pay its debt," the central bank president, Francisco Gros, said late Friday.

The acrimony extended to Mexico and Argentina and their bank lenders. On Friday, Mexico said it was temporarily suspending its debt-

equity swap program in what bankers viewed as an attempt to put pressure on reluctant foreign banks to participate in a new \$7.7 billion loan for the country.

Also on Friday, Argentina's central bank president, José Luis Machinea, said "there is considerable divergence" with creditor banks in negotiations over his country's \$30 billion in private sector foreign debt, and that talks would probably extend past this week.

The worsening relations between Brazil and its bank debtors followed a 12-day tour of foreign capitals by Mr. Gros and Brazil's finance minister, Dilson Fuarero. In explaining why Brazil suspended interest payments to banks and froze \$15 billion in short-term credits, he received some sympathy, but no firm offers for help.

"We made it very clear to our creditors that we must find other means to pay our debt," Mr. Gros said. "We told them we wish to pay but that first we must make sure that the country grows."

Mr. Gros said Brazil has not submitted specific proposals to creditors, and instead hopes that pro-

See DEBT, Page 11

Midland Bank Unit Is First Casualty of Big Bang

By Steve Lohr New York Times Service

LONDON — Midland Bank PLC has announced that it is withdrawing from stock trading, marking the first major step in an inevitable consolidation of the British securities industry that will unfold over the next several months, bankers and brokers say.

Midland became the first casualty Friday of the new competitive environment in the London financial markets that began with the burst of deregulation last Oct. 27 known as the "Big Bang." Midland said that the equity market-making side of its securities subsidiary, Greenwell Montagu Securities, had stacked up trading losses of about \$6 million (about \$9.5 million) since Big Bang, with little prospect for improvement. The operation was capitalized at about \$15 million.

After the next year or two, analysts predict, there will be no more than a half dozen major market-makers in London, compared with 34 market-makers now that Greenwell has pulled out.

"The losses were running higher in recent weeks," said Ernst Bruscia, chief executive of Midland Montagu, the bank's investment banking arm, which includes the securities business.

Midland stressed that Greenwell will continue to operate as a broker to clients, supplying them equity research and making markets in British government bonds known as gilts.

But it will end market-making, or direct trading with other dealers through quotation of prices to which it is bound.

The competition in equity market-making has been intense since the October liberalization, when 35 market-makers jumped into a field that before Big Bang had been dominated by four leading traders.

known then as jobbers. Given the increased competition, trading margins have become razor-thin or sometimes vanished altogether as firms fought to win market share.

The last two months of 1986 were generally profitable for market-makers because the London market was rising gradually. But this year, more volatile conditions have produced large losses for

some firms, especially the comparative newcomers to equity trading. Accordingly, the Midland decision is likely to be the first of a series of retreats.

"Midland's move will make it easier for others to pull out as well," said Peter Wilmet-Sirwell, joint chairman of S.G. Warburg Securities, a subsidiary of the Mercury International Group. "It will

Japan to Push Superconductivity

By David E. Sanger New York Times Service

NEW YORK — Japan's Ministry of Trade and Industry, which organized that country's remarkably successful push into microelectronics, has said it would begin a government-coordinated effort to find commercial applications for superconducting materials, which offer no resistance to electricity.

Officials of the agency characterized the effort Friday as a "study" that would involve university and industry representatives, including some from Japan's electronic giants.

American experts noted that such studies were almost always a prelude to a concerted government effort to exploit new technologies commercially. They speculated that Japan saw an opportunity to organize its commercial undertakings before the United States moved the technology out of the research laboratory.

The action appeared to accelerate an already frenetic race among scientists to develop superconducting materials that would permit far faster computers and semiconductor devices. Any new developments would have broad applications in power transmission and rail transportation.

Most experts regard the United States the clear leader in superconductivity research. But the same was true a decade ago in the area of large-scale integrated circuit technology, which Japanese companies were able to exploit quickly with government aid. Today, Japanese manufacturers dominate the market for many of the most complex computer memory chips, largely as a result of superior manufacturing techniques.

"Japan is picking things up fast in this area," said Mario Rabinowitz, a superconductivity expert who heads advanced research at the Electric Power Research Institute in Palo Alto, California. In the United States, he said, "A better coordinated effort all around is really called for."

"I just hope that this time we don't lose out," C.W. Chu, a leading researcher in superconductivity at the University of Houston, said in a telephone interview Friday. "They always catch up quickly."

speed the consolidation of the London market along. It should happen rather quickly now."

Traders say that while only Midland Bank has dropped out formally, much consolidation has already occurred. Some firms, including Robert Fleming, have stopped

See MIDLAND, Page 9

Last Week's Markets

Table with columns for Stock Indexes, Money Rates, and other market data. Includes sub-tables for United States, Europe, and Japan.

Currency Rates

Table showing currency exchange rates for various countries including Australia, Canada, Hong Kong, India, etc.

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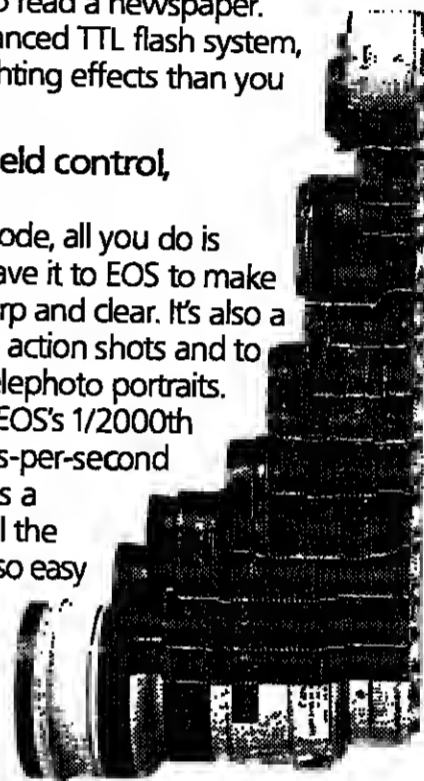
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Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01-623-1277. Prices may vary according to market conditions and other factors.

Mar 13

Dollar Straights

Table with columns: Issuer, Con. Mat. Price, Yld. Mat. Trvy, Bid, Offer. Includes entries for Australia, Canada, and France.

Canada

Table with columns: Issuer, Con. Mat. Price, Yld. Mat. Trvy, Bid, Offer. Includes entries for various Canadian issuers.

France

Table with columns: Issuer, Con. Mat. Price, Yld. Mat. Trvy, Bid, Offer. Includes entries for various French issuers.

Table with columns: Issuer, Con. Mat. Price, Yld. Mat. Trvy, Bid, Offer. Includes entries for various international issuers.

Table with columns: Issuer, Con. Mat. Price, Yld. Mat. Trvy, Bid, Offer. Includes entries for various international issuers.

Table with columns: Issuer, Con. Mat. Price, Yld. Mat. Trvy, Bid, Offer. Includes entries for various international issuers.

American Exchange Options

Figures as of close of trading Friday, Mar 13

Large table with columns: Option & price, Calls, Puts. Lists various American exchange options.

Options & price

Table with columns: Option & price, Calls, Puts. Lists various international options.

Options & price

Table with columns: Option & price, Calls, Puts. Lists various international options.

Options & price

Table with columns: Option & price, Calls, Puts. Lists various international options.

Options & price

Table with columns: Option & price, Calls, Puts. Lists various international options.

Chicago Exchange Options

Figures as of close of trading Friday, Mar 13

Large table with columns: Option & price, Calls, Puts. Lists various Chicago exchange options.

Options & price

Table with columns: Option & price, Calls, Puts. Lists various international options.

Options & price

Table with columns: Option & price, Calls, Puts. Lists various international options.

Options & price

Table with columns: Option & price, Calls, Puts. Lists various international options.

Options & price

Table with columns: Option & price, Calls, Puts. Lists various international options.

Not traded - Home offered - OK. Total Interest: 24,255.

WestLB Fixed Income and Equities Trading for dealers prices call. Includes contact information for Düsseldorf, London, Luxembourg, and Hong Kong.

Vertical sidebar containing various financial notices, including 'New In', 'BANKING RATE NOTES', and 'British B'.

هكمان النحل

New International Bond Issues

Compiled by Laurence Desvillettes

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price end week, Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

DELORS: Siemens Bid Favored

(Continued from first finance page) The previous, Socialist, government, who has been mentioned as a possible candidate in the 1988 French presidential election, has avoided making public statements on sensitive industrial bidding within EC member countries.

But he said Sunday that the current situation was comparable to the one that faced Unidata, an effort to create a European computer manufacturing company that failed in 1976 when French government support was withdrawn.

That failure has "complicated difficulties" in establishing French-German industrial cooperation within the community ever since, Mr. Delors said.

"We badly need an example of rapprochement, and telecommunications can provide it," he said. Unidata, a joint project of Siemens, International Computers Ltd. of Britain and the Bull group of France, collapsed when the government of President Valéry Giscard d'Estaing withdrew its support.

Mr. Delors said he was hopeful that a decision in favor of Siemens would provide "badly-needed stimulus" to efforts by the EC Commission, the EC's executive body, to win support from member countries for a research plan known as the Framework Program.

U.S. Jet Contract With Fairchild Is Canceled

WASHINGTON — The U.S. Air Force and Fairchild Industries have canceled the contract for the T-46A training plane, a move that will shut subsidiary Fairchild Republic Co.'s plant in Farmingdale, Long Island, in New York by the end of the year.

The company's announcement on Friday, which means the elimination of more than 2,500 jobs, had long been rumored and ended a prolonged dispute between the air force and the company after early development problems with the jet.

Under the contract, the company was to have built 10 planes for \$200 million. With the cancellation agreement, air force payments will be capped at \$159 million, about the amount Fairchild has received.

Visa Hits Back at American Express

By Nancy L. Ross Washington Post Service WASHINGTON — Visa International, reacting to an announcement last week of a new American Express credit card, has called on its member banks to reconsider their sale of American Express travelers checks and premium cards.

To a letter to the 5,500 financial institutions that participate in Visa, the company's president, C.T. Russell, wrote, "You may wish to re-think your position in offering American Express products." The letter also suggested that bank executives call American Express' chairman, James D. Robinson 3d, and voice your displeasure over his decision to enter one of your most profitable lines of service."

The Consumer Federation of America, which released Mr. Russell's letter on Friday, accused Visa of "pressure tactics of the most anti-competitive kind."

American Express announced Monday that it would issue a new revolving-charge card called Optima to current American Express card holders.

Optima will be priced at \$15 a year (in addition to the \$45 fee for the regular American Express card), and the annual percentage rate on charges will be 1.7 times to 1.8 times the U.S. prime prime — at current rates, about 13.5 percent.

The average rate on existing bank cards is 17 percent to 18 percent. Visa's executive vice president, Wayne Johnson, denied that his company's letter was intended to restrain American Express or start a boycott of its products.

"We are not concerned about our action or our intent from a legal standpoint," he added. Walter Montgomery, senior vice president of American Express, called Mr. Russell's letter an "over-reaction."

He also noted that Visa has been running advertisements in trade publications aimed at persuading banks to stop selling American Express products.

Mr. Johnson said that despite its lower interest rate, the new American Express card will not necessarily save money. He noted that a \$1,000 outstanding balance at 13.5 percent, plus a \$60 fee, works out to an effective annual percentage rate of 19.5 percent, compared with 19 percent for Visa.

Mr. Montgomery said American Express hopes to issue 1 million to 2 million Optima cards over two or three years, which he called "a drop in the bucket" for Visa, which has 97 million cardholders in the United States.

MIDLAND: Shakeout Seen

(Continued from first finance page) making markets in certain industry sectors.

Others, notably the L. Messel unit of Shearson Lehman Brothers, are said to be reviewing their operations with an eye toward cutting back or pulling out. A Messel executive said the firm was in the midst of a "continuing evaluation," but added that it was "nothing of a very drastic nature."

Traders also note that only a half-dozen firms are now making markets in most sectors and routinely offering bid-and-offer prices on larger blocks of stock of 100,000 shares or more. The leaders appear to be the firms that acquired the top pre-Big Bang traders: S.G. Warburg, which purchased Ackroyd & Smithers, Barclays Bank, which bought Wedd Durlacher Mordaunt; Morgo Grenfell, which acquired Pinchin Denny; and Smith New Court, partly owned by the N.M. Rothschild Group.

COMPANY NOTES

Aeritalia, Italy's state-controlled aerospace company, has signed an accord with two West German companies for cooperation in launching space projects using retrievable satellites. The two companies are OHB System GmbH Opto-Electronische Idranische of Bremen and Kayser-Threde GmbH of Munich.

Compagnie de Navigation Mixte de France has agreed to sell its 60 percent stake in rail wagon and container subsidiary, Société de Transports & Manufactures Industrielles SA, to Brambles Industries Inc. of Australia for 247.6 million francs (\$40.1 million).

INA, Yugoslavia's chief oil and natural gas producer, has begun an oil-for-products exchange agreement upon last year with the French petrochemical concern Petrochimie. Under the exchange, valued at \$530 million, Petrochimie will supply oil to INA refineries and to 12 industrial companies, while the Yugoslav manufacturers will export oil products to France.

EUROPEAN COMMUNITY

EC, U.S. Trade War Is Often for Home Consumption Only

By Peter Maass International Herald Tribune BRUSSELS — As trade tensions increase, the European Community and the United States are refining diplomatic shadings to a fine art. Moreover, diplomats say that many of the pulled punches aim to impress public opinion rather than scare the other side.

The EC sent an angry letter to the Reagan administration last week, threatening reprisals if Congress passes the Textile and Apparel Trade Act. The protectionist measure would impose a maximum, 1 percent annual growth rate on U.S. textile imports.

"This proposal would violate the rights of textile producers," thundered Willy de Clercq, the EC external relations commissioner, in a letter to Clayton K. Yentler, the U.S. trade representative. Mr. de Clercq said that the EC would be "obliged" to retaliate.

Finance Officials Dismiss Gloomy Growth Forecast

Like the proverbial messenger bearing bad news, the EC commission has been sharply criticized for lowering its forecast for economic growth.

Two weeks ago the Brussels executive body said the EC's economy would grow at a meager 2.3 percent rate in 1987 rather than 2.8 percent. Unemployment, it said, would be unchanged, at least.

Senior finance ministry officials of the 12 member states, meeting here last week, dismissed the commission's pessimistic predictions. They said that the commission underestimated the impact of last month's Paris accord.

That accord, reached between finance ministers and central bankers from six leading industrialized nations, called for greater economic cooperation and a stabilization in dollar exchange rates.

Otto Schleich, Bonn's state secretary for economics, reportedly told the EC finance officials last week that the current slowdown in West Germany would be temporary. He pointed to the Paris accord and to high investment and consumer-spending levels as signs of better times ahead.

The Dutch, British and Belgian officials voiced the same ideas, sources said. After the meeting, Belgium's finance minister, Mark Eyskens, one of the few ministers to attend, called the EC's economy "satisfactory."

Comments such as this contradict the commission's assessment. Commission officials attribute the difference of views to the tendency of ministers to evaluate the EC's economic situation through a partly political perspective.

"Governments try to present the brightest picture," one commission official said. He said that if member states had accepted the commission's revised forecast, they would have been obliged to adjust economic policies to spur growth past the unacceptable 2.3 percent level.

3 British Borrowers Arrange Loans in Sterling

By Carl Gewirtz International Herald Tribune

PARIS — Borrowing in sterling dominated the international credit market last week, with Rolls-Royce Ltd., British Airways Authority, Airgl Group PLC and the Bank of Ireland seeking funds.

London interbank offered rate, or Libor. This rises another 2 1/2 basis points if more than half is actually drawn.

The terms on the Rolls-Royce facility were not disclosed but were described as broadly in line with those set for BAA. The British engine manufacturer is arranging a £250 million multi-option facility of which banks are asked to underwrite £150 million for five years.

funds from reserve status. Drawings will cost 1/4 point over a British money-market benchmark, the eligible bill rate.

The Bank of Ireland has asked banks to underwrite a five-year, £300 million certificate of deposit facility. In the dollar market, Petrocorp of New Zealand is seeking \$150 million for five years. It will pay an annual facility fee of 6 1/2 basis points on the amount designated available and 5 basis points on the reserve portion. Drawings will cost 10 basis points over Libor and an additional 2 1/2 basis points if more than half is used.

and Du Pont Co. — Philips & Du Pont Optical Co. — set up to manufacture compact disk technology is seeking a three-year, \$145 million line of credit of which \$75 million will be revolving. Interest is set at 17 1/2 basis points over Libor and a commitment fee of 7 1/2 basis points will be charged on undrawn amounts. An additional 5 basis points will be charged on the revolving credit if more than half is used.

Générale Occidentale de France, the flagship of Sir James Goldsmith, the British-French financier, is seeking \$100 million for seven years. It can pay 1/2 point over Libor or 1/4 point over the prime rate set by Royal Bank of Canada. The company will pay a commitment fee of 1/4 percent on undrawn, available amounts and 1/4 percent on the reserve portion. A joint venture of Philips NV

switch fee of 5 basis points to move

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Table with columns: Symbol, Bid, Ask. Includes entries for Bitter Corp, Chiron, GoodMark Foods, MAG Holdings, NAVAR, Spectrolyne.

NASDAQ National Market

OTC Consolidated trading for week ended Friday, Mar 13

Sales In					Sales In					Sales In					Sales In					Sales In										
100s	High	Low	Close	Chg	100s	High	Low	Close	Chg	100s	High	Low	Close	Chg	100s	High	Low	Close	Chg	100s	High	Low	Close	Chg	100s	High	Low	Close	Chg	
ABS	40	43	42	42	+	ASWA	100	100	100	+	ASWA	100	100	100	+	ASWA	100	100	100	+	ASWA	100	100	100	+	ASWA	100	100	100	+

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Belgium	B.Fr.	10,700	5,800	3,200	29	50	B.Fr. 21	B.Fr. 7,644
Denmark	D.Kr.	2,300	1,250	690	6.30	10	D.Kr. 3.7	D.Kr. 1,347
Finland*	F.M.	1,630	880	490	4.50	8	F.M. 3.5	F.M. 1,274
France	F.F.	1,400	760	420	3.85	7	F.F. 3.15	F.F. 1,147
Germany*	D.M.	560	300	170	1.55	2.7	D.M. 1.15	D.M. 419
Gr. Britain	£	120	65	36	0.33	0.55	£ 0.22	£ 80
Greece	Dr.	20,000	11,000	6,000	55	100	Dr. 45	Dr. 16,380
Ireland	£Ir.	140	77	42	0.38	0.70	£Ir. 0.32	£Ir. 116
Italy	Lire	350,000	190,000	106,000	960	1,800	Lire 840	Lire 305,700
Luxembourg	L.Fr.	10,700	5,800	3,200	29	50	L.Fr. 21	L.Fr. 7,644
Netherlands	FL	634	340	190	1.75	3	FL 1.25	FL 455
Norway*	N.Kr.	1,650	900	500	4.50	8	N.Kr. 3.50	N.Kr. 1,274
Portugal	Esc.	19,000	10,400	5,700	52	125	Esc. 73	Esc. 26,572
Spain*	Ptas.	26,500	14,600	8,000	73	135	Ptas. 62	Ptas. 22,568
Sweden*	S.Kr.	1,700	920	520	4.70	8	S.Kr. 3.30	S.Kr. 1,200
Switzerland	S.Fr.	490	270	148	1.35	2.50	S.Fr. 1.15	S.Fr. 418
Rest of Europe N. & French Africa, Middle East	\$	400	220	120	1.19	Varies by country	\$ 0.89	
Rest of Africa, Gulf States, Asia	\$	550	300	165	1.64	Varies by country	\$ 1.51	

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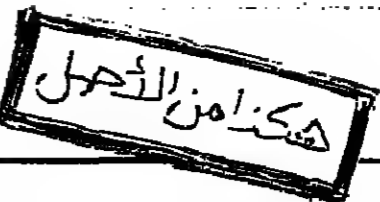
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Sales In					Sales In					Sales In					Sales In														
100s	High	Low	Close	Chg	100s	High	Low	Close	Chg	100s	High	Low	Close	Chg	100s	High	Low	Close	Chg	100s	High	Low	Close	Chg					
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مكتبة الأحرار



NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table with columns: Symbol, High, Low, Close, Net. Lists various OTC stocks.

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AMC: Car Maker Had a Reputation for Square Cars for 'Square' People

(Continued from first finance page) AMC's very success with compacts was enough to persuade the Big Three to jump into the compact-car market as well.

In short order, small cars such as Ford Motor Co.'s Falcon and General Motors Corp.'s Chevrolet Nova were eating heavily into the sales of the Classic and other AMC compacts.

Another major problem was that Mr. Romney's successors tried to make AMC a full-line producer, offering the luxury Ambassador, various convertibles and a variety of engine options.

Whatever, the 15,000 that remained from the nearly 100,000 marketed between 1954 and 1962, have originally sold for \$1,400, they fetch as much as \$12,000 in mint condition today, and one sold in Tokyo last year for \$22,000.

Despite its steady, if un spectacular, sales the Metro was neglected in Mr. Romney's AMC, where the stodgy, sensible Rambler Classic ruled the roost.

But even then, the factors that would undermine AMC were at work. The Volkswagen Beetle, a siphoned off the "nonconformist" market that the Metro and other AMC models had appealed to.

The Metro, introduced in 1965, was different in design. It was built to compete with the Dodge Charger, a fastback design that was capturing the imagination of many Americans.

AMC sold slightly fewer than 18,000 Metros, of which an unknown number survive. And unlike the Metro, it has not kept much of a following.

The Pacer, introduced in 1975, is perhaps the best known of AMC's designs. Conceived before the energy crisis but produced two years after it, the Pacer was doomed from the start.

Originally, it was to be narrower, 400 to 500 pounds lighter and equipped with a Wankel rotary engine. But the rotary idea fell through when GM dropped out of the project.

Also, he said, the car's body was widened further to accommodate new government standards for withstanding an impact from the side.

The result, according to Peter Hutchinson, the publisher of PC Resource Magazine, in Peterborough, New Hampshire, and a former Pacer owner, was a car that definitely did not look like a Porsche.

While it lasted barely more than two years, however, the Pacer sold a respectable 265,000 units, according to Mr. Teague.

Many of the former AMC cars, and the 'squares' who bought them, might be far from disasters today. And that is a final irony, as Mr. Carter of Spy Magazine explained.

The Metropolitans, Marlins and Pacers, as well as the guys who drove them, Mr. Carter observed, "would be incredibly retro hip today."

Wall Street Review

Table with columns: AMEX Most Actives, NYSE Most Actives. Lists stock symbols and prices.

Table with columns: AMEX Sales, NYSE Sales. Shows trading volume.

Table with columns: AMEX Dividends, NYSE Dividends. Lists dividend-paying stocks.

DEBT: Positions Harden

(Continued from first finance page) Positions will come through bilateral negotiations.

"I view it as pre-negotiation posturing," Carole Berger, a banking analyst at Cynus J. Lawrence Inc., said, referring both to Brazil and Citicorp.

But it estimated that the reclassification would mean a \$50 billion after-tax charge against earnings in the first quarter, and a \$190 million charge for all of 1987.

Ms. Berger asserted that Brazil is trying to drive a wedge between American and European banks.

Bank experts said Citicorp was making a statement — namely, that the bank's senior management, including John S. Reed, chairman and chief executive, and Thomas E. Jones, the chief accountant, were extremely doubtful about a resolution anytime soon to the Brazilian interest suspension.

Significantly, President José Sarney of Brazil has said that the suspension will not be lifted until the country completes a restructuring of its existing loans.

"There is little likelihood that you're going to get a new economic plan out of Brazil in the next 181 days," one Citicorp executive said.

(Reuters, NY)

International Bond Prices

Table with columns: Issuer, Con, Mat, Price, Yld, Cur, Yld. Lists international bond prices.

Yen Straights

Table with columns: Issuer, Con, Mat, Price, Yld, Cur, Yld. Lists Yen straight bond prices.

Certain offerings of securities, financial services or insurance are not authorized in certain jurisdictions...

Treasury Bonds

Table with columns: Maturity, Bid, Ask, Yield, % Chg. Lists Treasury bond prices.

Euromarts At a Glance

Table with columns: Country, Bid, Ask, Yield, % Chg. Lists Euromart prices.

Weekly Sales

Table with columns: Country, Sales, % Chg. Lists weekly sales data.

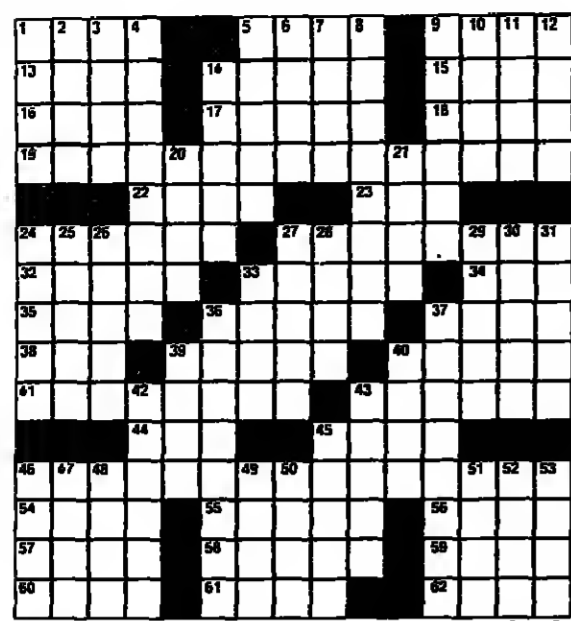
Libor Rates

Table with columns: Country, Rate, % Chg. Lists Libor rates.

INTERNATIONAL CLASSIFIED

Advertisement for International Classified services, including ESCORTS & GUIDES, REGENCY NY, MAYFAIR CLUB, CAPRICE-NY, LONDON, KENSINGTON, LONDON BELGRAVIA, ARISTOCATS, NEW YORK-CHICAGO, MADRID, CHELSEA SERVICE, and ROME CLUB EUROPE ESCORT & GUIDE SERVICE.

SPORTS



ACROSS
1 Fisherman's barbed spear
5 Thick slice
9 Ointment
13 Range, U.S.S.R.
14 Dance? 1951 hit song
15 Jai
16 Actress
17 Rice dish
18 Promontory
19 Get rich via opportunity
22 Cause to incline
23 T-shirt
24 Show displeasure
27 Broadway, e.g., in slangue
32 Manifest
33 River at Orleans
34 Evangelist's insi. at Tulsa
35 Squarish
36 Steak or table precursor
37 Senator Hart
38 O.D.E.
39 He wrote "John Brown's Body"
40 Shipped
41 Ramy-day resources

Austria's Wolf Wins Twice, Giving Figini Downhill Title

The Associated Press
VAIL, Colorado—Sigrid Wolf of Austria, with a carbon copy of her surprising triumph the day before, skied to another women's World Cup downhill victory Saturday, handing the season's downhill title to Michela Figini of Switzerland.

Witt's Golden, Thomas 2d in Figure Skating

The Associated Press
CINCINNATI—Katarina Witt of East Germany staged a sizzling freestyle program to music from "West Side Story" to win the gold medal Saturday night at the World Figure Skating Championships.



SPORTS BRIEFS

Frenchman Wins Masters Pole Vault

GRENOBLE, France (AP)—Ferenc Sebrest of France won the first Masters pole vault competition Saturday with a leap of 19 feet, 4 1/2 inches (5.892 meters), but failed to break Sergei Bubka's world indoor mark.

Stewart Shoots 63 to Lead Florida Golf

ORLANDO, Florida (AP)—Payne Stewart shot an 8-under-par 63 for a one-stroke lead Saturday in the Bay Hill golf tournament.

For the Record

Roddie Haley of Arkansas broke the 1-minute barrier in the men's 500-meter race in the NCAA indoor track and field championships in Oklahoma City, clocking 59.90 seconds Saturday night for a world indoor best.

Muller Wins 3d Downhill

World champion Peter Muller easily won his third World Cup downhill race, and the last this season, in leading a Swiss sweep Saturday of the top four places at Canmore, Alberta, Canada, United Press International reported.

Solution to Friday's Puzzle

ABBA SMASH SCAR
CORN MALTA TARO
HOOD ARIUS EDDO
WILLIAM HOLDEN
HOB ALAS BEINE
ULENT TAE STY
ALAE CAMERAL
CATCHER IN THE VE
KALENDIS DEED
RAF VAS FAITH
AVISO CAKE NOS
JOANCAULFIELD
ACE IRATO YEAR
HERE MARES NERO
STER SNARK XIRAY

DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.
HOYNE
MERIC
GLEMIT
DROWBY
Answer: "IT'S A RIVET AWFUL SUGARY CHASE"

WEATHER

Table with columns for EUROPE, ASIA, AFRICA, LATIN AMERICA, NORTH AMERICA, MIDDLE EAST, and OCEANIA, listing high and low temperatures for various cities.

PEANUTS



BLONDE



BETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



WORLD STOCKS IN REVIEW

Amsterdam
Share prices advanced on the Amsterdam stock exchange last week, led by strong gains for a handful of trend-setting issues.
Paris
The Paris Bourse, after a hectic, record-setting series of weekly sessions, settled down last week.

Frankfurt

Trading on the Frankfurt stock exchange was unsettled last week, notably by strong gains from abroad and the prospect of major capital increases at Babcock and Hochtief and the privatization of Veba.

Hong Kong

The Hang Seng Index saw-sawed throughout the week, but a major drop on Tuesday and dull end-of-week trading saw the index shed 77.74 points to close Friday at 2,721.17.

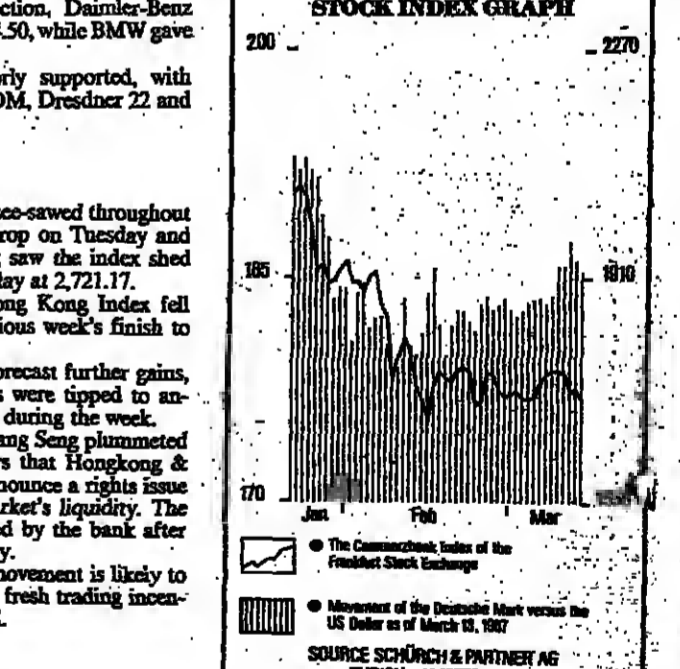
London

After a dull start, the stock market gained ground last week, amid City expectations that rates could be reduced further when the national budget is presented this Tuesday.

Milan

The downward drift that has marked Milan stocks since the start of the year persisted last week, as the COMIT index shed 0.16 percent over the previous week, closing at 681.63 points.

COMBINED CURRENCY STOCK INDEX GRAPH



Tokyo

Share prices continued to surge throughout the week in Tokyo, and the key market indicators reached consecutive record highs from Tuesday to Friday.

Zurich

Share prices were irregular on the Zurich exchange last week, when the Credit Suisse index closed at 535.6, little changed from 535.2 the previous Friday.

Vertical sidebar containing various advertisements and notices, including 'German', 'Mets, Re...', 'Pincay: 1', 'SCOREB...', 'NCAA Results', and 'NCAA Tournament'.

هكذا من الأمل

SPORTS

Dembo's 41 Help Wyoming Oust UCLA

COLLEGE BASKETBALL

Compiled by Our Staff From Dispatches
SALT LAKE CITY, Utah—Nevada-Las Vegas will not be missing UCLA in the NCAA tournament after all, although many people would have liked it to happen.

24 points. But his last basket came at the 10:58 mark, putting UCLA up, 59-54, and he fouled out in the final minute.



Anthony Allen of Georgetown watches the ball roll away as Ted Aceto, left, and Chris Seneca of Bucknell go for it during Georgetown's 75-53 NCAA victory in Atlanta.

Wyoming got in the way of a showdown between top-ranked UNLV and tradition-rich UCLA when the Cowboys, behind Fennis Dembo's 41 points, beat the Bruins, 78-68, here Saturday in a second-round West Regional game.

Wyoming shot 50 percent, held UCLA to 34 percent shooting and outscored the Bruins, 40-30. "I don't think this was an upset," said the Wyoming coach, Jim Brandenburg. "We thought we could beat UCLA."

first of the one-and-one and missed the second, but Scott Hicks stole Larry Richard's outlet pass after the rebound to ensure victory. Rivers ended with 24 points.

Dembo connected on nine of 13 shots from the field — including three 3-pointers — and made 16 of 18 free throws. He was supported by Eric Leckner, who scored 20 points and got 14 rebounds.

Wyoming's 2-1-2 zone, swinging around the 6-foot-11, 265-pound (2.13-meter, 120-kilogram) Leckner, dominated UCLA underneath. In the final six minutes the Cowboys gave up only one basket to UCLA, which had 14 shots.

Buffalo, New York, Alex Agudio scored a career-high 34 points and grabbed 11 rebounds for the Purple Eagles. He was 10 of 17 from the field and 14 of 14 from the free-throw line.

W. Germany, Becker Upset in Davis Cup

BARCELONA — Spain advanced Sunday to the quarterfinals of the Davis Cup World Group when Boris Becker pulled a major upset.



Boris Becker of West Germany was not even happy with a 6-4, 7-5, 5-7, 3-6, 6-3 victory Friday over Emilio Sanchez.

Casal rolled in the second set as Becker committed a surprising number of unforced errors. But with the others of the standing-room-only crowd at Barcelona's Royal Tennis Club, Becker's Royal Tennis Club.

Casal unawares by hitting shots just inside the lines. But Casal returned the balls with equal force and quickly ran the score to 4-0.

Mets, Red Sox Clash in 'Game 8'

PETERSBURG, Florida — A bench-clearing incident, triggered Sunday when Al Nipper of the Red Sox hit Darryl Strawberry with a pitch, marred the first meeting since the World Series between Boston and the New York Mets.

The Mets' outfielder had hit a home run off Nipper for the clinching blow in Game 7 last fall and had infuriated the Red Sox with a minute-long trow around the bases.

Razorbacks Win the Battle of Arkansas to Advance in NIT

Compiled by Our Staff From Dispatches
FAYETTEVILLE, Arkansas — Arkansas played Arkansas State in basketball Friday night for the first time in 39 years.

final two minutes of overtime for Arkansas. Credit scored off a rebound with 1:45 left to put the Razorbacks ahead, 65-64, and Moore clinched the victory when he took a pass from Ron Huey for a dunk with 30 seconds to play.

82. In Albuquerque, New Mexico, Kevin Scarborough's lay-up with 12 seconds to play tied the score for New Mexico at 82, but Eric Knox hit a three-point shot with one second left to win it for Oregon State.

Pincay: 1 Day, 7 Winners

ARCADIA, California — Laifit Pincay, riding maiden and claiming horses Saturday as though they were running in the Kentucky Derby, became the first jockey to win seven races in a day at Santa Anita.

unheard of during spring training. "He threw the ball right at me. He did it on purpose," Strawberry said. "He better hope he doesn't see me down the line. I'll never forget it."

SCOREBOARD

NCAA Results

Table with columns for Division I, II, III, and IV results, listing teams and scores.

National Basketball Association Standings

Table showing Eastern Conference, Central Division, Western Conference, and Pacific Division standings.

World Cup Skiing

Table showing WALES CONFERENCE and CAMPBELL CONFERENCE standings.

NIT Results, Schedule

Table listing NIT First Round, Second Round, and Final Four results and schedules.

European Soccer

Table listing CUP WINNERS' CUP, CHAMPIONS' CUP, and ENGLISH FIRST DIVISION results.

Exhibition Baseball

Table listing FRIDAY'S RESULTS and SATURDAY'S RESULTS for exhibition baseball games.

Transition

Table listing BASKETBALL, FOOTBALL, and HOCKEY transition information.

